Problems of Communism

MARCH-APRIL 1973

SOVIET ECONOMIC PERSPECTIVES

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Abram Bergson

Consumers
Gertrude E. Schroeder

Comecon
Z. M. Fallenbuchl

Dissent in a Complex Society
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Althusser's Ideology
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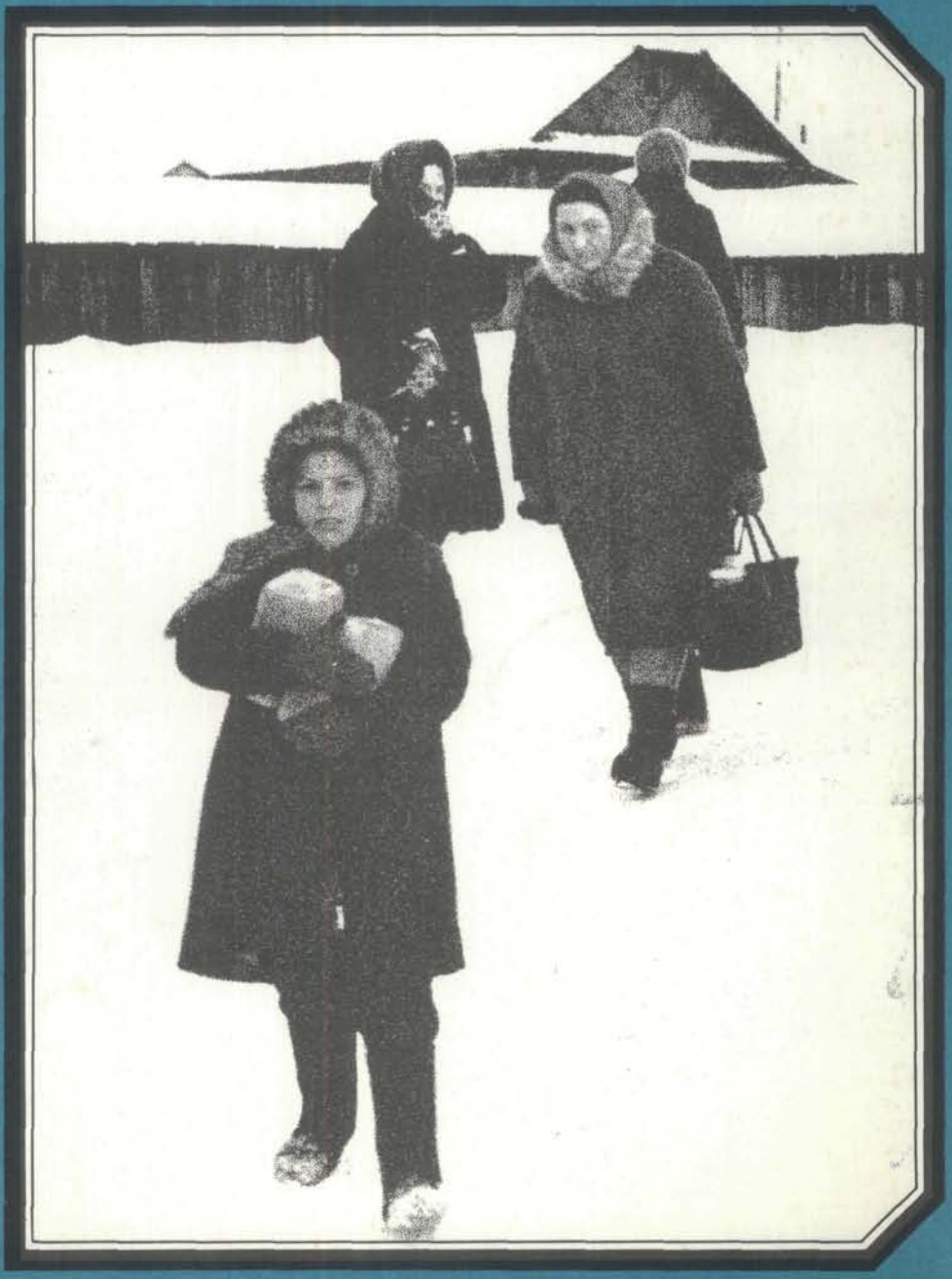

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Problems of Communism

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MARCH-APRIL 1973 VOL XXII

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HOW TO SUBSCRIBE: Outside the United States, *Problems of Communism* may be obtained by writing to the nearest office of the US Information Service. Residents of the United States may purchase annual subscriptions or single copies by writing to the Superintendent of Documents, US Government Printing Office, Washington, DC, 20402. Price per copy: $1.00. Subscription price: $5.50.

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Cover: A Siberian mother and child return from shopping. Photo from Black Star.

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Soviet Economic Perspectives

EDITORS' NOTE: Soviet leaders in recent years have shown signs of responding to mounting pressures for change in the configuration of the USSR economy and in its external relationships. The three articles below examine several critical dimensions of this metamorphosis, and articles in subsequent issues will examine other aspects. In the first contribution here, Mr. Bergson argues that the escalating economic costs of forced-draft growth are compelling the Soviet regime to shift from the traditional Stalinist model toward a more balanced approach to economic development. Mrs. Schroeder focuses on the dilemmas facing the Soviet leadership in the consumer sector as it attempts to overcome the results of decades of investment neglect and the inflexibility of the management system in order to satisfy increasingly sophisticated popular demand. In the final article, Mr. Fallenbuchl expands the perspective to the Soviet-dominated Council for Mutual Economic Assistance; he traces the legacy of the Soviet command model in the East European economies and examines the economic forces tending to give the USSR a pivotal role in an increasingly integrated Comecon.

Toward a New Growth Model

By Abram Bergson

An attempt to peer into the long-term future of the Soviet economy is always timely, but it is especially so after the launching of a new five-year plan proclaiming rather novel priorities.[1] Such an attempt should properly rest on substantial statistical projections of a kind that still remain to be made for the USSR. Even on the basis of limited inquiry, however, it is clear that the Soviet economy has for some time been in a high degree of flux. The resulting change in structure may be more profound and enduring than many commentators on the new plan have supposed. Indeed, the famous Soviet model of economic growth that Stalin initiated with the five-year plans appears at long last to be passing from the Soviet scene.

Like any relatively modern economy, that of the USSR consists of a myriad of activities, but the results of all these are summarized in the country's real national income. Hence, the trends that are relevant to the present inquiry may be explored by focusing on movement in that cardinal indicator and particularly its best known variant, the gross national product (GNP).

Mr. Bergson is George F. Baker Professor of Economics at Harvard University (Cambridge, Mass.). His many books and articles on the Soviet economy include Planning and Productivity Under Soviet Socialism, *1968.*

[1] This article is a revised version of a concluding discussion presented at a symposium on Soviet economic prospects held in Brussels on April 14-16, 1971, and published in Y. Laulan, Ed., *Prospects for Soviet Economic Growth in the 1970's*, Brussels, NATO, 1971. The revision has provided an opportunity, among other things, to correct a transcription error affecting the estimated magnitude of Soviet capital stock in 1970 and to take account of a revision in Stanley H. Cohn's calculations of the Soviet gross national product. These modifications are reflected in Tables 1 and 2 in the ensuing discussion.

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Inquiry into the future must begin with an analysis of the past. Therefore, let us at the outset look at trends in Soviet national income since the completion of the initial postwar five-year plan in the year 1950.

Past Trends

After 1950, as is well-known, the national income at first increased rapidly, though probably not quite as rapidly as is often supposed. During 1950–58, according to Stanley H. Cohn's well-known calculations, it grew at an average rate of 6.4 percent a year (see Table 1.)* That is somewhat lower than the rates indicated by other Western data, but it must still be much nearer the mark than the official Soviet claim of 10.9 percent. (This figure relates only to "material output," and such Soviet data must for familiar reasons be treated very skeptically.[2])

Even according to Western calculations, the tempo of Soviet growth much exceeded that of the US (2.9 percent). But it is worth noting that the Soviet growth rate was nearly equaled or surpassed by the growth rates of Italy (5.6 percent) and Western Germany (7.6 percent). Moreover, it fell well shy of that for Japan. In these early years, Japan had not quite achieved the economic miracle that is now a hallmark there, but its rate of growth was already an impressive 8.0–9.0 percent.

Since 1958, as is well known too, Soviet growth has slowed. As Table 1 shows, the retardation is manifest in both Cohn's and the official Soviet data (curiously enough, it is more marked in the official figures than in Cohn's). Why the slowdown? The question has often been discussed, but there may still not be general understanding that no corresponding retardation occurred in the growth of inputs of the two principal productive factors generating output—capital and labor. According to both official Soviet and Western data, the available stock of capital increased during 1958–67 at about the same rate as during 1950–58 (Table 1), and the tempo was extraordinarily rapid (a matter to which we shall return later). Similarly, Murray Feshbach's calculations with regard to employment (Table 1) show that it also rose at much the same rate during 1958–67 as during 1950–58.

The slowdown in output growth, then, was due essentially to a decline in the rate of productivity increase. While that is already evident from the trends in output and factor inputs, it becomes even more obvious if we average the rates of growth of capital and labor in a way that has lately become a standard practice in economics. Using this method, we can calculate the rate of growth of output per composite unit of labor and capital together, or "factor productivity" as it has come to be called. During 1958–67, that rate was significantly below the corresponding one for 1950–58 (Table 1). A computation of factor productivity for a non-market economy such as that of the USSR, it is true, is almost inevitably rather arbitrary, but the results obtained are still illuminating.[3]

Why the decline in the growth of factor productivity? There are, perhaps, too many reasons. For

* Readers should be alerted to a very specific usage in the author's presentation of growth statistics. He always includes the base year as well as the years for which performance is being examined: e.g., growth "during 1950-58" signifies output increases in the years 1951-58 from levels achieved in 1950.—Eds.

[2] For a recent appraisal of the official data, including the nature of the Soviet concept of national income, see Abraham S. Becker, "National Income Accounting in the USSR"; Stanley H. Cohn, "National Income Growth Statistics"; and Abram Bergson, "Soviet National Income Statistics: Summary and Assessment," in V. G. Treml and John P. Hardt, Eds., *Soviet Economic Statistics*, Durham, N.C. Duke University Press, 1972.

[3] The arbitrariness derives in part from the difficulty of obtaining for the USSR meaningful factor income shares, such as are generated in a market economy, to use as weights in averaging the rates of growth of labor and capital. This paper employs weights of 0.6 and 0.4, respectively, for the two factors—weights suggested by relevant Western experience.

At least for the technically initiated, it should be explained that I felt it appropriate, in the case of capital, to adopt an income share that is gross of depreciation even though what is in question here is the growth of net capital stock over time. Also, inputs have been averaged "logarithmically"; hence, I have in effect assumed a so-called Cobb-Douglas production function, in which the "elasticity of substitution" of inputs of capital and labor is taken to be unity. However, the elasticity of substitution in Soviet circumstances may be less than unity. Under such a condition, the growth of calculated total inputs would tend to slow down even though the rate of increase in inputs of individual factors remained unchanged, and the tempo of factor productivity growth would not decline as much as it does in the present calculations. But the problem of declining factor productivity, to which the text turns next, is then transformed, at least in part, into one of a declining rate of return on capital, and much of what is said, I believe, is still relevant.

Inasmuch as we shall later employ the Cobb-Douglas function in projecting future Soviet economic growth, a word or two about the impact that an elasticity of substitution less than unity would have on these projections seems in order as well. Since under such a circumstance the calculated tempo of factor-1 productivity growth rises for past years, one might well assume that higher rates would result for the future, too, but there are also indications that the rate of growth of total inputs of labor and capital will decrease. Therefore, trial calculations for projections of total GNP growth based on an assumption of an elasticity of substitution less than unity suggest that such projections might be less favorable to the USSR than those made here, which are based on an assumption of an elasticity of unity.

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Table 1: Selected Economic Indicators for the USSR, 1950–75

(average annual rates of growth, in percent)

	1950–58	1958–67	1967–70	1970–75 (Planned)
National income, Soviet official data [a]	10.9	7.2	7.3	6.7 [b]
GNP, Cohn calculations	6.4	5.3	3.4 [c]	n.a.[d]
Capital investment, Soviet official data [e]	12.9	7.6	7.5	6.7
Gross investment, fixed capital, Moorsteen-Powell calculations	11.4	6.9 [f]	n.a.	n.a.
Gross investment, Moorsteen-Powell calculations	12.2	6.1 [f]	n.a.	n.a.
Fixed capital stock including livestock, Soviet official data	8.3 [g]	8.3 [g]	7.5	n.a.
Net fixed capital stock, Moorsteen-Powell calculations	10.0	9.4	n.a.	n.a.
Net capital stock, Moorsteen-Powell calculations	9.0	9.0	n.a.	n.a.
Employment, Feshbach calculations	1.8	1.7	1.7	n.a.
Total input of capital and labor	4.6	4.6	n.a.	n.a.
Factor productivity (GNP per unit of labor and capital)	1.7	0.7	n.a.	n.a.

[a] National income "produced" unless otherwise indicated.

[b] National income "utilized for consumption and accumulation." For 1965-70, such income grew at an average annual rate of 7.1 per cent. The corresponding figure for national income "produced" was 7.7 per cent.

[c] This figure is for 1967-69.

[d] "n.a." means "not applicable" or "not available."

[e] Investment in fixed capital only; during 1950-58 exclusive of investment in private housing as well.

[f] These figures cover 1958-66.

[g] These figures are for 1950-59 and 1959-67.

SOURCES: Tsentralnoe statisticheskoe upravlenie, *Narodnoe khoziaistvo SSSR v 1960 g.* (The National Economy of the USSR in 1960), Moscow, 1961, p. 85, and subsequent volumes in the same series for 1962, p. 535; for 1967, p. 613; for 1968, p. 49; and for 1970, pp. 60, 478, 533; Tsentralnoe statisticheskoe upravlenie, *Kapitalnoe stroitelstvo v SSSR* (Capital Construction in the USSR), Moscow, 1961, p. 40; *Gosudarstvennyi piatiletnii plan razvitiia narodnovo khoziaistvo SSSR na 1971-1975 gody* (The State Five-Year Plan of Development of the National Economy of the USSR for 1971-75), Moscow, 1972, pp. 62-75, 345, 352.

Stanley H. Cohn, "General Growth Performance in the Soviet Economy," in Joint Economic Committee, US Congress, *Economic Performance and the Military Burden in the Soviet Union,* Washington, DC, US Government Printing Office, 1970, p. 17; Richard Moorsteen and Raymond P. Powell, *The Soviet Capital Stock, 1928-1962,* Homewood, Ill., 1966, pp. 323, 341, 360; *Two Supplements to Richard Moorsteen and Raymond P. Powell, The Soviet Capital Stock, 1928-1962,* New Haven, Conn., Economic Growth Center, Yale University, 1968, pp. 11, 18, 24; Murray Feshbach, "Estimates and Projections of the Labor Force and Civilian Employment in the USSR: 1950-1980," Bureau of the Census, US Department of Commerce, February 1970, processed.

one, in 1956 Nikita Khrushchev initiated a reduction in working hours which ultimately led to the establishment of an approximately 40-hour week in industry in place of the 48-hour week that had prevailed in the early 1950's. That reform had already had some impact before 1958, but its principal effect came in subsequent years. Thus, it would have tended to reduce productivity growth in the post-1958 period compared with the pre-1958 one.

Another cause lay in the proverbial vicissitudes in agriculture—most importantly, Khrushchev's heroic interventions, notably the great New Lands Program. This innovation had a favorable outcome at first, but progress became relatively slow and uncertain after the great crop of 1958.[4]

Still another element in the slowdown has been the well-known deficiencies of the Soviet system of central planning: the failure of enterprise managers to behave as desired because of ineffective incentives and the often fallible direction and coordination of superior agencies. These difficulties are by no means new. On the contrary, they date from virtually the earliest days of Soviet planning. But, as has often been argued, they may have become increasingly costly as Soviet central planning had to cope with the ever-growing complexities associated with continuing industrialization: the increasing number of plants that have to be coordinated, the increasing number and variety of products whose output has to be determined, etc.

Last but not least, there was the varying impact in the USSR of so-called "catch-up" phenomena in the wake of World War II. As is widely recognized, countries ravaged by the war for a time experienced a speedup of economic growth because of such factors as the restoration of partially-destroyed productive capacity at relatively limited investment cost, the acceleration of technological progress through application of innovations made in other countries less affected by the war, and so on. By

[4] Note, however, that chiefly as a consequence of the New Lands Program the cultivated land area increased sharply during the years 1950-58. If our calculation of productivity were extended to include agricultural land as an input (as might be proper), productivity growth during 1950-58 would be somewhat reduced as compared with 1958-67.

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the same token, the progressive exhaustion of such advantages necessarily proved a source of retardation in later years. By 1950, the USSR had already surpassed its prewar level of national income, but recovery from war damage remained to be completed in some areas. Thus, "catch-up" phenomena still exerted an appreciable influence on growth. By the 1960's, however, such factors no longer were as potent as they had been previously.

Some Alternative Projections

So much for past trends. What of the future? One possible answer may be found in the new five-year plan itself: during 1970–75 national income is to grow at nearly the same rate as it did in the 1960's (Table 1).[5] Interesting as a Gosplan projection is, however, we must seek somehow to arrive at an independent evaluation.

To that end, we ought to begin, I think, with Feshbach's forecast that employment will grow in the 1970's at a rate of 1.2 percent a year, or somewhat less rapidly than during the 1950's and 1960's. What of the other principal input, capital? Can Soviet capital stock still be expected to grow at such notably high rates as prevailed during the 1950's and 1960's?

A clue is already provided by available data on the rates of growth achieved in the volume of capital investment in those years. According to both official Soviet and Western data, the rate of growth of investment, while fully comparable to the rate of growth of capital stock during 1950–58, fell well below the tempo of the latter in later years (Table 1). During any year, investment represents new additions to total capital stock; thus, the rate of growth of investment is not at all the same thing as the rate of growth of the capital stock itself. Indeed, the two might temporarily tend to diverge widely. But in the course of time they must nevertheless tend to converge. Hence, if investment continues to increase at a reduced rate like that of the 1960's, the rate of growth of total capital stock will inevitably tend to drop also. In fact, if the official data are indicative (Table 1), the latter had already commenced to decline in the late 1960's. Moreover, the new plan apparently projects a tempo of investment growth actually somewhat below that of the 1960's.

Because the question at issue here is central, however, we must again strive to arrive at our own assessment. To do so, let us look at several alternative projections that I have made for the general Soviet economy (see Table 2). While these projections are quite hypothetical and might properly be viewed as exercises, they may help to clarify the implications, and thus facilitate appraisal, of alternative hypotheses regarding the future growth of the Soviet stock of capital. In this way, they may also serve to structure speculation about the future increase of national income.

The projections begin with estimates—sometimes rather crude—of the GNP and its disposition in terms of major uses in 1970, and of the capital stock in that same year,[6] and they assume that employment will grow subsequently at the rate already mentioned of 1.2 percent a year. As for the capital stock, two hypotheses are explored. The first postulates that it will continue to grow at a rate of 9.0 percent a year in the 1970's; the second, that the rate of growth will be only 6.0 percent. In effect, the former assumes that the decline in the rate of growth of investment in the 1960's will prove only transient, while the latter assumes that the decline will persist and indeed become more pronounced.

Under each hypothesis, three possible alternative rates of increase in factor productivity are explored. Specifically, it is assumed that factor productivity will increase at alternative rates of 3.0, 2.0, and 1.0 percent a year (these rates compare with actual growth rates in factor productivity of 1.7 percent in

[5] As noted in the table, official rates of growth cited for past periods relate to national income "produced," but that planned for 1970-75 relates to national income "utilized for consumption and accumulation." The growth rate for the latter is only 0.4 percentage point below the actual growth rate of national income "utilized for consumption and accumulation" during 1965-70. Therefore, the projected retardation of growth is even less than a comparison with the rates of growth for national income "produced" in past years might suggest.

[6] The absolute figures underlying the percentages in Table 2 are in 1964 adjusted rubles and are taken or estimated from data in a variety of Western sources, including principally the works of Cohn and of Moorsteen and Powell, cited in Table 1; Abram Bergson, "The Comparative National Income of the USSR and the United States," in Conference on Research in Income and Wealth, National Bureau of Economic Research, *International Comparisons of Prices and Output*, New York, Columbia University Press, 1972; and various RAND studies of Soviet national income. They also draw upon Stanley H. Cohn, "The Economic Burden of Soviet Defense Outlays," in the Joint Economic Committee, US Congress, *Economic Performance and the Military Burden in the Soviet Union*, Washington, DC, US Government Printing Office, 1970; but it should be noted that the correspondence between the tabulations of GNP by use in 1970 for this paper and those for 1967 in Cohn's essay is to some extent misleading. Cohn's data are in current adjusted rubles, while those for this article, as indicated, are in 1964 adjusted rubles.

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1950–58 and 0.7 percent in 1958–67). In conjunction with the average rate of growth of inputs of labor and capital combined (a figure calculated in the same manner as previously described), each of these hypothetical rates of factor productivity growth results in a particular rate of increase in GNP (Table 2).

It is also illuminating to carry the projections somewhat further. From the indicated rates of growth of GNP, we can calculate hypothetical levels of output for 1975 and 1980. The stock of capital in these years can also be determined once the rate of increase from that of 1970 is specified; so, too, can the annual net investment in 1975 and 1980 if the capital stock is to rise by the required amount each year.[7] Net investments, of course, must be

[7] See below, fn. 9.

Table 2: The Soviet Economy in 1970 and Alternative Projections for 1975 and 1980

(in percent)[a]

A. With the Capital Stock Growing at 9.0 Percent a Year

		$\underline{\lambda}$ = 3.0 percent[b]		$\underline{\lambda}$ = 2.0 percent		$\underline{\lambda}$ = 1.0 percent	
	1970	1975	1980	1975	1980	1975	1980
Consumption	56.5	71.1	96.5	65.8	80.0	60.2	65.2
Government and defense	13.3	19.0	27.1	18.1	24.6	17.2	22.3
Gross investment	30.2	52.1	80.2	52.1	80.2	52.1	80.2
Net investment	20.2	36.9	56.8	36.9	56.8	36.9	56.8
Depreciation	10.0	15.2	23.4	15.2	23.4	15.2	23.4
GNP	100.0	142.8	203.8	136.0	184.8	129.5	167.7
GNP, average yearly increase in percent from previous date		7.4	7.4	6.3	6.3	5.3	5.3
Net stock of capital, Dec. 31	290.4	446.9	687.7	446.9	687.7	446.9	687.7

B. With the Capital Stock Growing at 6.0 Percent a Year

		$\underline{\lambda}$ = 3.0 percent[b]		$\underline{\lambda}$ = 2.0 percent		$\underline{\lambda}$ = 1.0 percent	
	1970	1975	1980	1975	1980	1975	1980
Consumption	56.5	81.8	111.0	76.3	96.2	70.8	82.8
Government and defense	13.3	18.0	24.2	17.1	22.0	16.3	19.9
Gross investment	30.2	35.2	47.1	35.2	47.1	35.2	47.1
Net investment	20.2	22.2	29.4	22.0	29.4	22.0	29.4
Depreciation	10.0	13.2	17.7	13.2	17.7	13.2	17.7
GNP	100.0	135.0	182.3	128.6	165.3	122.3	149.8
GNP, average yearly increase in percent from previous date		6.2	6.2	5.2	5.2	4.1	4.1
Net stock of capital, Dec. 31	290.4	388.6	520.1	388.6	520.1	388.6	520.1

[a] All figures except those for average yearly increase in GNP from the previous date are in percent of total GNP of 1970—*i.e.*, total 1970 GNP=100.0 percent.

[b] $\underline{\lambda}$ is the projected rate of increase in factor productivity.

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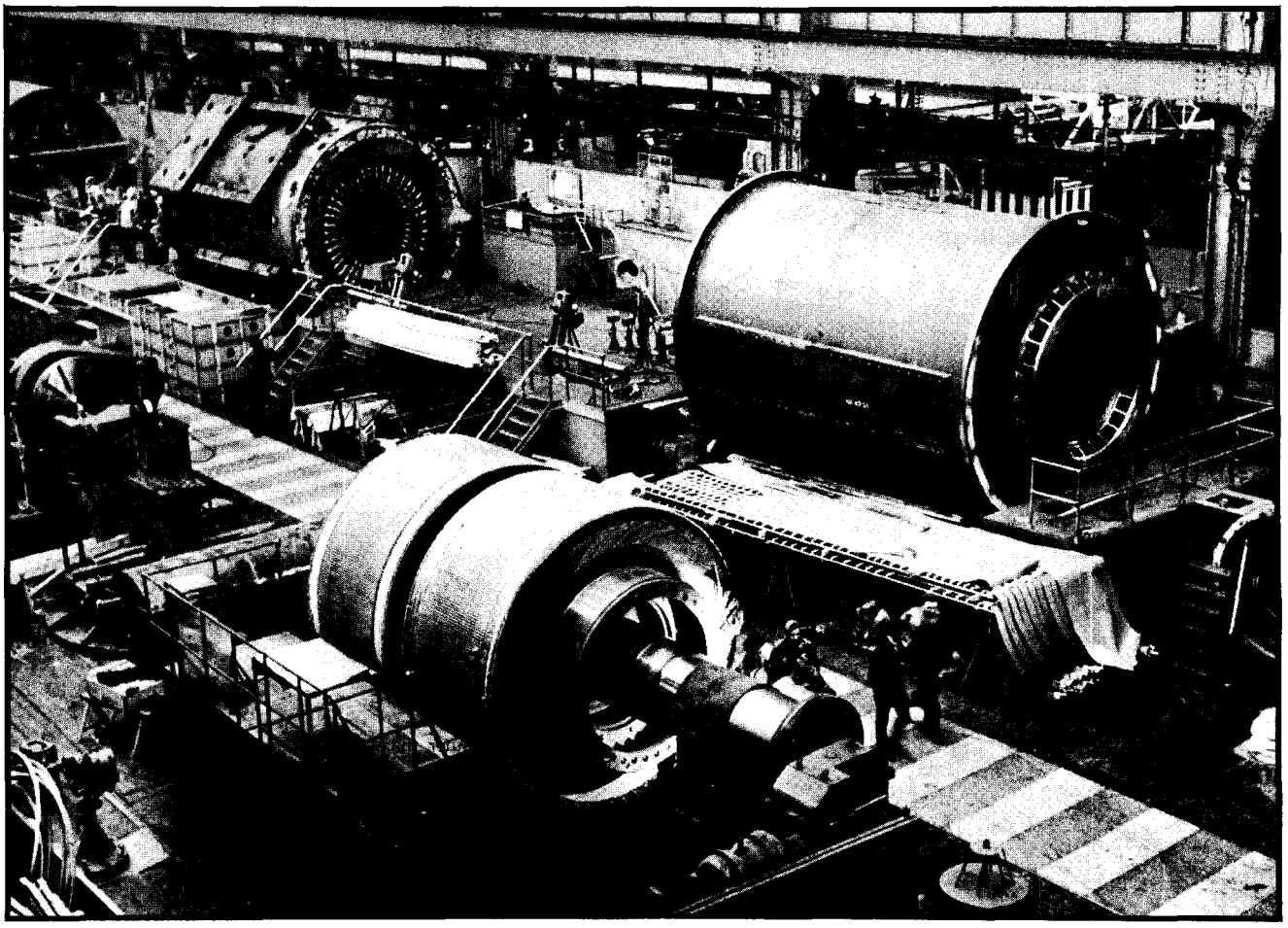
financed, and in real terms such finance must come from the very output that the mounting capital stock makes possible. Hence, the volume of current output that must be allocated to net investment in 1975 and 1980 can be established. With depreciation allowed for at the 1970 average rate, gross investment can likewise be determined. To complete the tabulation of the GNP by use in 1975 and 1980, it remains merely to allow for dispositions to government administration and defense. It has been provisionally assumed here that these will absorb the same share of output as they did in 1970. The residual thus represents the volume of output available for consumption.

This residual is of particular interest here along with the growth rate of output. (Note that in Table 2 all data on output uses and on the capital stock, including those for 1975 and 1980, are expressed as percentages of total 1970 GNP. This may seem odd, but it facilitates comparisons of interest.) Under each of the two assumed rates of capital stock growth in Table 2, the rate of increase of both GNP and consumption varies depending on the rate of increase in productivity. For any particular rate of productivity increase, however, the rate of growth of output, logically, is always greater with the capital stock rising at 9.0 percent a year than with the capital stock rising at 6.0 percent a year. On the other hand, the increase in consumption when the capital stock grows at 6.0 percent is always greater than it is when the capital stock grows at 9.0 percent. Although, in the latter case, consumption still rises markedly when productivity grows by 3.0 percent, the gains in consumption are quite modest with lesser rates of productivity growth. For instance, with productivity increasing by only 1.0 percent,



A section of the turbogenerator shop of the Leningrad Electrosila Machine-Building Amalgamation where giant units for atomic power stations are assembled.

—Photo by V. Tselik, from Novosti, via Sovfoto.

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there is hardly any gain to speak of in per capita terms, for the indicated growth in consumption would barely exceed the rise in population, which is expected to amount to 3.9–6.1 percent over the period 1970–75 and 3.4–6.6 percent over the period 1975–80.[8]

In effect, then, the extra increments of output produced when the capital stock grows at 9.0 rather than 6.0 percent a year are, in every instance, more than totally offset by concomitant increases in requirements—chiefly those for investment to render possible the higher rate of growth of the capital stock in the first place. These additional requirements are always incongruously large, but they become more and more so the slower the rise in productivity and output.

The inordinate demand on output to meet current investment requirements is but a corollary of a cardinal feature of Soviet economic growth which is already evident but merits underlining: the capital stock has risen not only rapidly but distinctly more rapidly than output. This was already true in the 1950's when output increased at a relatively rapid pace, but it was even more the case in the 1960's when the growth of output had slowed. In any economy, such an incongruously rapid growth of the capital stock can be assured only through the allocation of an ever-increasing share of output to current investment. To be sure, this observation is simply an arithmetic truism, but it does help to explain the rising share of output which, as our data clearly imply (Table 1), investment was already absorbing in the 1950's and 1960's.

We must also see in this light the further projected increase in investment—*i.e.*, from 30.2 percent of 1970 GNP to between 39.4 and 47.8 percent of GNP in 1980—that is indicated when we extrapolate to the future on the basis of a 9.0-percent tempo of growth in the capital stock. At that rate, the capital stock rises more rapidly than output even with the most favorable hypothetical rate of productivity increase, and the disparity between the growth of the capital stock and the growth of output only widens if the rise in productivity is viewed less optimistically.

What about the alternative projection which assumes that the capital stock will increase at only 6.0 percent a year? In that case, the tempo of growth of the capital stock is only matched by that for the GNP when the rise in productivity is 3.0 percent; when the rise in productivity is just 2.0 or 1.0 percent, the rate of growth of GNP will be less than that of the capital stock. In neither of the last instances, however, is the difference nearly as marked as when the capital stock rises by 9.0 percent. Thus, though gross investment as a share of GNP may rise, its projected levels for 1980—25.8 to 31.4 percent, depending on the increase in productivity—turn out to be much lower than those required when the capital stock grows by 9.0 percent a year.[9]

Implications

The foregoing exercises are just that, but they still afford insights into why the Soviet government has lately been acquiescing to a retardation of the extraordinarily rapid expansion of the country's cap-

[8] Murray Feshbach, "Population," in *ibid.*

[9] Note that for 1970-75 the differences between the two sets of projections given in Table 2 with respect to the growth rates of investment and, by implication, of consumption might be deemed to be somewhat understated because of the manner in which net investment in 1975 and 1980 has been arrived at. Thus, net investment in each of those years has been taken as simply equal to either 9.0 or 6.0 percent of the capital stock on January 1 of the given year, the particular figure depending on the rate of growth of the capital stock in question. In effect, then, under each hypothesis regarding the growth of the capital stock, net investment increases from 1975 to 1980 at the same tempo as that of the capital stock.

Such a correspondence of the rates of growth of net investment and the capital stock is to be expected over the long run, but inasmuch as we start with 1970—a year when, at the current rate of net investment, the capital stock rose by 7.5 percent—net investment at least for a time must increase at an even higher rate than 9.0 percent if the capital stock is to grow at an average annual rate of 9.0 percent from 1970 to 1975. Similarly, net investment could rise for a time at less than 6 percent and still assure a 6-percent rate of growth of the capital stock from 1970 to 1975.

While there is no logical bar to the achievement of the rates of investment listed in Table 2, it might perhaps be more reasonable to assume that investment will grow at a constant rate during 1970-75—*i.e.*, at a tempo which would produce the hypothesized rate of increase in the capital stock, on the average, over the five-year period. Under such an assumption, investment in 1975 would have to constitute 40.6 percent of GNP, instead of the 36.9 percent shown in Table 2, to guarantee a rise of 9.0 percent a year in the capital stock; but it would need to be only 19.2 percent of GNP, rather than the 22.0 shown in the table, to insure a growth of 6.0 percent a year in the capital stock.

According to the same reasoning, the calculations for 1975-80 contain an element of bias too, though of a contrary nature. Thus, if we alter investment's projected share of total GNP in 1975 as just indicated above and then apply to 1975-80 the same methodology for computing investment as we just did for the 1970-75 period, we come up with the following results: investment in 1980 would need to be only 53.7 percent of the GNP, instead of the 56.8 percent shown in Table 2, to assure an increase of 9.0 percent a year of the capital stock; however, it would have to be 31.9 percent of GNP, rather than the 29.4 percent shown in the table, to guarantee a rise of 6 percent a year in the capital stock.

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ital stock despite the fact that such expansion has been the primary means by which the government has over the years endeavored to achieve a rapid growth of output. More important, the projections suggest that the retardation will probably be allowed to continue.

To expand the capital stock by 9.0 percent a year has always been an onerous undertaking for the USSR, but it would become even more so should the government seek to maintain that tempo in the future. The chief costs, of course, have been and would continue to be borne by Soviet consumers. But while Stalin freely sanctioned such deprivations, soon after his death the Soviet government avowedly committed itself to a different policy, and that policy has now been reaffirmed in the five-year plan just promulgated for 1971–75. According to its own language, the "chief test" of the plan will be whether or not it assures "the rise of the material and cultural level of life of the population." [10]

The Soviet people, to be sure, have come to understand that improvements in consumption standards do not inexorably follow government commitments to provide them. Nevertheless, these standards have by all accounts tended to rise since Stalin, and sometimes markedly. It would be surprising if the government in the years ahead decided, except under great duress, to suspend such rewards for any length of time for a population which is now relatively educated as well as conscious of Western living standards, and which has elite groups who themselves have become increasingly materialistic. Such a governmental decision would be especially surprising in circumstances where a full reversion to the techniques of rule of the days of the "cult of personality" no longer appears to be a feasible alternative.

The implementation of the government's commitments to consumers obviously will not be made easier by the 1972 crop failures, still much in the news as these lines are written, but the government's reaction to these failures also underlines that at least a partial shift in priorities has occurred. Reportedly, nearly $2.0 billion of scarce foreign exchange has been allocated for the importation of some 28 million tons of grain. Under Stalin, needless to say, concern for alleviating the impact of harvest losses was hardly so intense.[11]

If the tempo of capital-stock growth is permitted to decrease, of course, the growth rate of output will likely do the same. Our projections only underline the evident at this point. But the government has already acquiesced in a retardation of output growth. Given its heightened concern for consumers, it may well find it expedient to continue to do so in the future.

But what about productivity? Do not our projections show that if productivity grows rapidly enough —say by 3.0 percent—the capital stock, and with it output, could continue to grow at high rates even while the needed improvement in consumption standards is realized? Theoretically, that is a possibility, and the Soviet government, always concerned about raising productivity, has understandably become even more so as the investment costs of sustaining the further growth of the capital stock have become ever greater. As the just concluded US-USSR economic accord underlines, the USSR, once so uneasy about economic relations with the West, is now actively seeking to promote them. It hopes that productivity growth will be helped by the increased exchanges, and especially by the more accelerated importation into the USSR of advanced Western technology that the agreement makes possible. The Soviet government has been trying to speed up productivity growth in other ways as well. Of late, it has placed increasing stress on domestic technological innovation, and at the same time it has sought, through the much-discussed planning reforms launched in the fall of 1965, to remedy the perennial deficiencies in economic administration, such as those to which we have already referred, and thereby to increase the efficiency of the system.

Thus far, however, the planning reforms do not appear to have been highly effective.[12] Moreover, the

[10] *Gosudarstvennyi piatiletnii plan razvitiia narodnovo khoziaistvo SSSR na 1971-1975 gody*, Moscow, 1972, p. 73.

[11] This, it will be recalled, is not the first occasion since Stalin's death that the government has imported grain on a large scale to offset harvest losses. However, the current imports much exceed even the purchases made in response to the exceedingly bad harvest of 1963 (16.8 million tons during 1963-65), and they apparently will suffice to make good all the 1972 losses.

In the aftermath of the recent harvest failures, the government is also reportedly revising its investment program in order to assure more funds for agriculture. This initiative should be taken into account when we come later to a consideration of the prospects for productivity growth in the economy generally, though its implications in that regard are perhaps not so evident as is sometimes assumed. Thus, while some analysts have argued that any substantial revision of investment allocations under the current five-year plan might in itself tend to impair efficiency, it is also possible that additional allocations to agriculture might be relatively productive in view of the chronic shortage of capital there.

[12] See Abram Bergson, "The Current Soviet Planning Reforms," in Alexander Balinky *et al., Planning and the Market in the USSR: the Sixties*, New Brunswick, N.J., Rutgers University Press, 1967; Gertrude E. Schroeder, "Organization and Management as Factors in Soviet Economic Growth in the 1970's," Laulan, *op. cit.*

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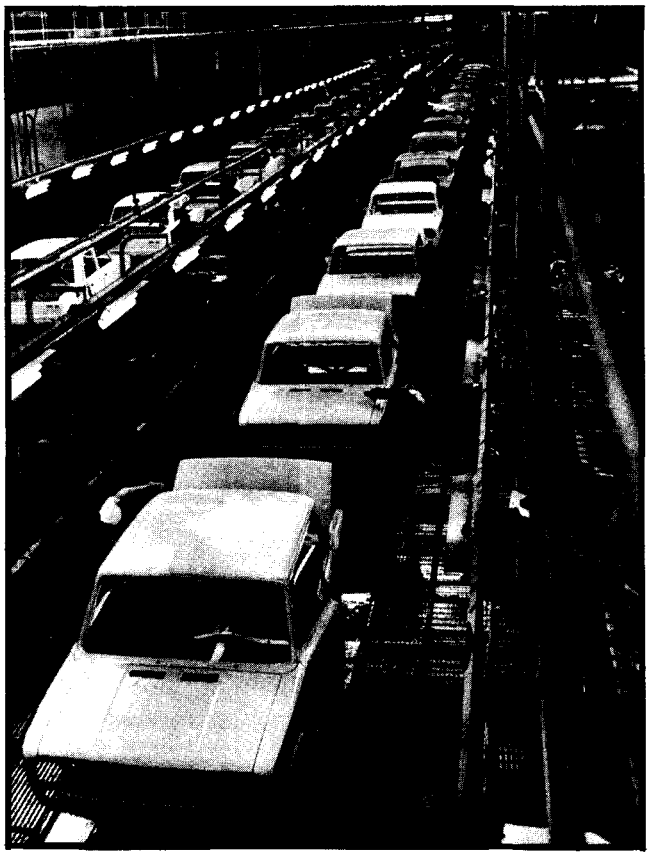

Assembly of "Zhiguli" automobiles at the Togliatti plant.

—Photo by V. Budan, from TASS via Sovfoto.

acceleration of technological progress in any wholesale way in a complex, modern economy such as that of the USSR is not an easy task. While productivity may increase more rapidly in the future than it has recently, that is not saying a great deal. Certainly, the government would have difficulty achieving a tempo of productivity improvement much higher than the more buoyant rates of the 1950's. Should the government seek to sustain a superhigh rate of capital-stock growth at the expense of consumption, big gains in productivity would be all the harder to attain, inasmuch as frustration of consumer aspirations for rising standards of living could not help but affect labor incentives adversely.

Though the changes introduced in the wake of the planning reforms announced in the fall of 1965 were hardly revolutionary, the reforms themselves did represent something of a break with the past. Hence, we should not be too surprised if, in search of additional sources of productivity gains, the government should initiate still further reforms in planning. Perhaps it will at long last even make the kind of wholesale shift to "market socialism" that many thought was being initiated in 1965. But only time will tell just what further changes, if any, might be introduced, and how productivity might be affected thereby.

Our projections have assumed throughout that the Soviet government will devote to public administration and defense a constant share of output corresponding to that of 1970. Defense is by far the more important claimant here, and the USSR could obviously find additional resources for both investment and consumption, should it be prepared to limit allocations to that competing use. While the Soviet government has always seemed reluctant to restrict defense expenditures on purely economic grounds, it might in the future—political circumstances permitting—find such grounds more impelling than it has found them in the past. Indeed, we may wonder whether it has not already found them so in view of the apparently increased flexibility that it has manifested lately in, for example, arms-control negotiations.

To conclude, then, I have referred often to the extraordinarily high tempo of capital-stock growth that has prevailed hitherto in the USSR—a tempo which has surpassed that of output growth even when output was increasing relatively rapidly. I have also discussed a corollary of that incongruity: the rising share of output absorbed by the investments required to sustain such rapid growth of the capital stock. While the pattern of economic growth that emerged in the USSR under Stalin's five-year plans —and has come to be called the Soviet model— has many facets, a central characteristic has been the imbalance manifested in such disproportionately rapid growth of capital stock in combination with a rising share of output going into investment. (The latter phenomenon is perhaps even more familiar in the alternative guise of an inordinately high tempo of growth in "heavy" as compared with "light" industries.) As so characterized, however, the Soviet model has clearly been undergoing a process of erosion lately. Notably, unbalanced growth has apparently been giving way to relatively balanced growth in the very sphere—capital formation—where the imbalance had previously been most striking. The prospect is that this erosion will continue. In the USSR at least, the Soviet model may not survive its dictatorial originator much longer.

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Consumer Problems and Prospects

By Gertrude E. Schroeder

As the Soviet domestic press makes abundantly clear, happiness in the USSR is to be able to buy a new frying pan or a meat grinder or eyeglasses that fit or a bath towel. Shortages of hundreds of such everyday items seem to be epidemic, but also random, unpredictable and episodic. Alongside the shortages there are surpluses—of poor-quality clothing and shoes and outdated models of washing machines and television sets. Such imbalances between supply and demand, along with evidence of gross waste of resources, are nothing new. They have long been a familiar part of the Soviet scene, provoking continuous lament in the press and prompting official demands for their expeditious elimination.

Over the past several years, the Soviet government has focused particular attention on these longstanding problems and has initiated a number of actions aimed at "putting things right" in the consumer sector. The belatedly adopted Ninth Five-Year Plan, now in mid-course and behind schedule, has as its so-called "main task" a substantial increase in consumer welfare.[1] This seems an appropriate time, therefore, to review the current status of consumers in Soviet society, to assess the seriousness of the regime's commitment to accord higher priority to consumption in the allocation of resources, and to appraise the efficacy of the current measures selected to remedy the longstanding ills of the consumer sector. A broader question for consideration concerns the basic suitability of central planning for managing a consumer-oriented economy.

Traditionally, the consumer sector has been low man on the totem pole in the Soviet scheme of things. For long years the central planners stressed the development of heavy industry and armaments and provided little for the consumer beyond the bare necessities of life; popular aspirations for a modest expansion of the range of goods and services went unanswered. But eventually the Soviet economy—geared to the mass production of standardized goods and aided by an upgrading of priority for the consumer sector under Khrushchev—proved able to meet the minimum level of demands. Whereas per capita consumption of goods and personal services (private or household consumption) scarcely increased at all between 1928 (or, for that matter, 1913) and 1950, it rose by some 56 percent during the 1950's.[2] Most of this gain represented consumption of more and better food and clothing and of initial stocks of a few basic consumer durables.

These improvements were sufficient by the early 1960's to confront Soviet policy-makers with a totally new set of economic problems—those of embryonic consumer affluence. People became choosy about what they would buy, and inventories of goods produced at the expense of other priority sectors began to pile up. Steady increases in consumer money incomes and in real per capita consumption during the 1960's put growing pressures on a system ill-designed to satisfy a more sophisticated consumer demand. During that decade per capita disposable money income rose by more than nine-tenths, while per capita private consumption rose by less than half.[3] Relatively greater gains in

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[1] See *Pravda* (Moscow), Feb. 14, 1971.

[2] See Gertrude E. Schroeder, "Consumption in the USSR: A Survey," *Studies on the Soviet Union* (Munich), Vol. X, No. 4, 1970, p. 33.

[3] Douglas B. Diamond, "Principal Targets and Central Themes of the Ninth Five-Year Plan," in Norton T. Dodge, Ed., *Analysis of the USSR's 24th Party Congress and 9th Five-Year Plan,* Mechanicsville, Md., Cremona Foundation, 1971, p. 52.

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money income were made by the rural population, as the government finally addressed itself to the gross imbalance between urban and rural living standards.

Despite these large advances, Soviet consumers may be regarded as affluent only in comparison with past levels. Relative to the industrial countries of the West, the USSR lags badly.[4] Soviet per capita consumption is only about one-third that of the US, about half that of England, France and West Germany, and somewhat below that of Italy. Among Communist countries, the Soviet level is well below that of East Germany and Czechoslovakia and more or less on the level of Hungary and Poland. Moreover, the "affluence" of Soviet consumers is of a peculiarly distorted character. The distribution of consumption expenditures among major categories and their relative rates of improvement were not dictated by consumer preferences but by those of the planners. It should also be noted that the data available for comparisons of Soviet and Western consumption do not take account of such elements of consumer welfare as the superior retail trade facilities and services and the much higher quality and greater variety of goods and services generally available in the West.

Major Current Problems

The Soviet Union's most serious consumption problems at present relate to (1) pervasive shortages of desired goods and services and of housing, (2) the poor quality of goods and services in general, and (3) continuing repressed inflation. Published accounts of the first kind of malfunctions are legion. Would-be buyers cannot find bath and face towels, even though they are allegedly supplied to stores in strict accord with government-set norms for the "rational linen closet." [5] For over two years there has been an acute shortage of screws for assembling furniture.[6] For three years meat grinders were not to be found even in large cities.[7] Enamel pots and pans and metal cutlery have not been available.[8] An "ebb and flow" is characteristic—first, acute shortages of an item, followed by bulging inventories—for irons, rolling pins and hangers.[9] Frames for eyeglasses are scarce, and customers often accept improper prescriptions for lenses, since the correct glasses are not available and no one knows when they will be.[10] Customers cannot find desired kinds of household glue, thermos jugs, cleansing powders and the like.[11] Men's summer shirts, women's bicycles, and clothing for stout women are hard to find.[12] The list of complaints could be continued *ad nauseum.*

Equally prolific are press complaints concerning quality. Examples with regard to footwear taken from a recent series of articles in *Pravda* typify the situation[13]—shoes where the color comes off the leather, where stains or roughnesses appear, where the straps are askew, and so on. Other evidence is provided by reports of large-scale rejections of manufactured goods by state inspectors. A typical account of this kind includes the following statistics and facts: in 1971 the USSR Ministry of Light Industry accepted complaints about 7.6 million pairs of shoes, 1.5 million pairs of hosiery, 1.7 million items of knitwear and 175,000 suits; during the first nine months of 1971 the wholesale trade inspectors returned 15 percent of the sewn goods they checked for correction; in the first half of 1971 Moscow's retail network rejected 33 million rubles' worth of industrial goods; for the USSR as a whole in 1971 official estimates of direct losses from rejected industrial output amounted to over 600 million rubles, but—according to the account—"such losses were actually much larger." [14] Two other sources, citing data compiled specifically on the RSFSR, report that in both 1970 and 1971 about half of the goods checked by the Inspectorate of the RSFSR Ministry of Trade did not meet state standards.[15] Along with shoddy manufacturing in the technical sense, there are other problems involving poor design and quality —fabrics that are not preshrunk, colors that are drab and that fade, uninteresting textile patterns, poor styles in clothing, obsolete models of household appliances, and so on.

Evidence also abounds on the inadequacy and

[4] For detailed supportive evidence of these generalizations see Gertrude E. Schroeder, *loc. cit.*, pp. 18-26.

[5] *Pravda*, Aug. 9, 1972.

[6] *Ibid.*, July 8, 1972.

[7] *Ibid.*, June 1, 1971.

[8] *Ibid.*, Sept. 15, 1970.

[9] *Ekonomika i organizatsiia promyshlennovo proizvodstva* (Novosibirsk), No. 3, 1972, pp. 35-40.

[10] *Izvestia* (Moscow), Aug. 6, 1972.

[11] *Sotsialisticheskaia industriia* (Moscow), May 6, 1972.

[12] *Sovetskaia torgovlia* (Moscow—daily), July 1, 1972; Aug. 17, 1972.

[13] *Pravda*, April 4, 17 and 27, 1972; May 6, 16 and 20, 1972; June 3, 1972.

[14] *Finansy SSSR* (Moscow), May 1972, pp. 7-12.

[15] *Sovetskaia torgovlia*, (Moscow—monthly), September 1972, p. 2; *Planovoe khoziaistvo* (Moscow), October 1972, p. 4.

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poor quality of all kinds of personal services.[16] There are numerous complaints about appliances that cannot be repaired because there are no parts, thus rendering guarantees meaningless. The poor quality of new housing is notorious. A building will be labeled "high quality" by inspectors; then: "Shortly thereafter the tenants move in, and their complaints start pouring in—dripping faucets, poorly hung doors that bang, window vents that will not shut, sprung floors, and cracks where walls join." Agreements with builders to repair the defects are of little avail, since the builders are busy putting up more housing of similar quality in order "to fulfill the quarterly plan, so that they will be entitled to a bonus for square meters of housing built." [17]

The mismatching of supply and demand and shortcomings with respect to the quality, assortment and style of goods first began to assume the dimensions of a serious problem in the early 1960's, manifested by sharply rising inventories of various items; these the government managed to work off through such measures as price reductions, installment sales, and reallocation of stocks to rural areas. Similar inventory pileups, in both urban and rural areas, have appeared again in recent years. In 1970, stocks in retail trade were 2.2 billion more than planned.[18] In the first seven months of 1971 sales of non-food goods rose 6 percent, while inventories rose 7 percent; comparable data are 7 and 17 for clothing and undergarments, 11 and 20 for knitwear, 2 and 15 for footwear and 2 and 26 for radios.[19] During 1968–71 sales of sewn garments rose 10 percent annually, while inventories increased 18 percent annually; comparable figures are 9 and 22 for knit outerwear, and 5 and 18 for leather shoes.[20] In early 1972, inventories of obsolete washing machines amounted to seven to eight months' sales, and stocks of unsalable clothing and shoes totalled 3.4 billion rubles in value.[21]

Besides indicating malfunction of the production-distribution system for consumer goods, mounting inventories of some goods, along with widespread shortages of others, reflect and contribute to another serious problem currently afflicting the economy—that of repressed inflation. During 1966–71, per capita disposable money income rose at an average annual rate of 6.6 percent, but savings bank deposits increased 19 percent annually.[22] In 1970 the Soviet people saved over four-fifths of each additional dollar of income on the average. Other evidence of repressed inflation is provided by the steady rise of prices of food on collective farm markets. During 1966–70 these prices increased 12 percent,[23] and the rise undoubtedly accelerated in 1971–72. In contrast, the level of prices in state-run retail stores was stable throughout the period, reflecting the government's extreme reluctance to raise consumer-goods prices, despite the obvious need to do so.

The failure of the production system to supply the mix of goods and services that people want and would buy at their income levels—notably, better housing, automobiles, good-quality and stylish clothing, and modern household appliances—manifests itself in a peculiarly distorted pattern of demand. Not only do people save most of each dollar of additional income, but they also spend an abnormally large share of the remainder on quality foods, on meat in particular, and evidently also on alcoholic beverages. Since the government seeks to curb consumption of the latter in order to reduce widespread drunkenness, it finds itself under severe pressure to increase meat supplies.

The Legacies of Past Neglect

In seeking to cope with problems in the production and distribution of consumer goods, the planners are severely handicapped by the effects of protracted neglect of investment in the consumer industries, by the low status traditionally accorded the consumer sector in the Soviet socio-economic scheme, and by the balky and inflexible apparatus of economic administration in the USSR. The overwhelming bulk of manufactured food products and soft goods (*i.e.*, perishable as opposed to durable items) are produced by enterprises in the Ministries

[16] *Komsomolskaia pravda* (Moscow), April 8 and 26, 1972; May 17, 1972; July 1, 1972; Aug. 22, 1972. *Pravda*, Aug. 13, 1971; Jan. 15, 1972; Feb. 2, 1972; April 13, 1972. *Literaturnaia gazeta* (Moscow), No. 31, Aug. 2, 1972, pp. 10-11.

[17] *Pravda*, June 21, 1972.

[18] *Sovetskaia torgovlia* (monthly), August 1971, p. 2.

[19] *Ibid.* (daily), Sept. 18, 1971.

[20] *Planovoe khoziaistvo*, October 1972, p. 5.

[21] *Ibid.*, p. 6; *Pravda*, Feb. 16, 1972.

[22] Updated estimates based on data in Joint Economic Committee, US Congress, *Economic Performance and the Military Burden in the Soviet Union*, Washington, DC, US Government Printing Office, 1970, p. 99.

[23] Calculated from data in *Narodnoe khoziaistvo SSSR v 1970 godu* (National Economy of the USSR in 1970), Moscow, Statistika, 1971, p. 576, 582.

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A collective farmers' market in Riga—one outlet for the Soviet consumers' rubles.

—TASS via Sovfoto.

of Food and of Light Industries. For decades these branches of industry have been allocated only about 10 percent of total industrial investment annually. Their projects have been accorded low priority by both construction organizations and equipment producers and have borne the brunt of plan shortfalls in the latter areas. By all accounts, the average level of technology in the consumer branches lags several decades behind comparable levels in the West. For example, a Soviet source stated in 1967 that only a third of the equipment of shoe factories could be considered modern.[24] Wages in the light and food industries are by far the lowest of any major branch of industry. These factors help to explain not only the lagging efficiency in the consumer-goods branches but also the difficulties their plants experience in trying to improve the quality and mix of products.

Consumer durables are produced in the main as secondary products in machinery plants. It is reported, for example, that of 38 plants producing washing machines only 11 are specialized for such production, and the latter account for only 27.7 percent of total output.[25] Refrigerators are produced in 33 plants under nine different ministries; of these plants only nine are specialized, and they account for just 20 percent of total output.[26] The thousands of everyday household items, such as pots and pans, tableware, tools, toys, pins and the like, are also produced as sidelines in enterprises of heavy industry, including such military-related industries as aviation and shipbuilding. The "stepchild" status of consumer-goods shops in machinery enterprises is frequently deplored in the press, as are the low quality and unsatisfactory mix of output that result.

The planners also are faced with a deplorably inadequate and backward personal services sector, which includes such establishments as barber and beauty shops, repair services, laundries, and dry cleaners. In 1960 there were only 12.6 such units per 10,000 urban residents; after a decade of considerable attention to developing this sector, the availability had risen to a mere 17.2 per 10,000 urban population.[27] To offer a comparison, in 1968 the USSR had 3.08 barber and beauty shops and 0.30 laundry and dry cleaning establishments per 10,000 urbanites; five years earlier, in 1963, the parallel figures for the US were already 13.58 and 4.17, respectively.[28]

Facilities in retail trade and public dining have suffered from similar neglect. According to a Soviet source, the Soviet retail trade network is quite back-

[24] *Ekonomicheskaia gazeta* (Moscow), No. 16, April 1967, p. 30.
[25] *Sovetskaia torgovlia* (monthly), April 1972, p. 29.
[26] *Planovoe khoziaistvo*, December 1969, p. 11.
[27] *Narodnoe khoziaistvo SSSR v 1970 godu*, pp. 7, 621.
[28] *Statistical Abstract of the United States*, Washington, DC, US Government Printing Office, 1969, p. 768. *Narodnoe khoziaistvo SSSR v 1968 godu* (National Economy of the USSR in 1968), Moscow, Statistika, 1969, pp. 7, 663.

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ward even by East European standards. In 1971 the USSR had 128 square meters of retail floor space per 1,000 residents. This figure compared with 130 square meters in Bulgaria (1969 data), 139 in Hungary, 151 in Poland, 210 in Czechoslovakia and 290 in East Germany.[29] The US, with a population about a fifth smaller than the USSR, has roughly three times as many retail trade establishments and half again as many employees in the sector. Although the USSR has been expanding the number of self-service stores in recent years, their development is severely hampered by the lack of suitable premises, equipment, and, above all, packaging materials. The press reports, for example, that over 60 percent of food products must be weighed and wrapped in the stores,[30] and that in the Ukraine stores receive yeast in one-kilogram packages, jams and tomato paste in three- and ten-kilogram jars, and pickles in three-liter jars.[31] Shortages of refrigerating equipment and storage facilities are perennial. Low wages and a low socio-economic status, as well as poor customer relations, have long characterized the trade and service sector.

Leadership Response

Although the difficulties in the consumer sector are not new, the scope of the government's recent efforts to deal with them has been unusually great, suggesting a serious if still conditional commitment to a more consumer-oriented economic policy. The principal initiatives that have been taken have involved allocation of additional resources to the consumer sector, reform of incentives and administrative arrangements in the production and distribution of consumer goods, and a variety of *ad hoc* measures adopted to cope with specific problems.

Resource Allocation. Reflecting a shift in recent years to be a more balanced and moderate pattern of economic growth, the Soviet government has been allocating an increasing share of annual increments in output to consumption. Western calculations indicate that the average annual rate of growth in the Soviet gross national product decelerated from 6.0 percent in the 1950's to 5.4 percent during 1961–70, while the growth rate of consumption slowed

Liudmila Ivanovna takes advantage of a price markdown to purchase a television set in the Moscow Central Department Store in February 1972.

—Photo by I. Denisenko, from Novosti via Sovfoto.

only 0.3 percentage points, from 4.7 to 4.4 percent.[32] In the years 1966 to 1970, consumption actually increased at a slightly faster rate than the gross national product. In the last three years of that period, the growth rate for the output of industrially-produced consumer goods was greater than that for the output of producer goods, a phenomenon which once would have been regarded as a heretical violation of ideological prescriptions. In addition, the consumer sector was allocated a larger share of total investment than in the past. For the first three years of the 1966–70 plan period, consumer-oriented investment (including that in agriculture) actually increased somewhat faster than producer-oriented investment, although the latter reasserted a small lead thereafter.[33] Partly as a result, the consumption goals of a five-year plan were fulfilled in 1966–70 for the first time in Soviet history. In the same period, the government began to use more of its scarce hard currency to import considerable amounts of consumer goods from the West. Annual imports of nonfood goods increased steadily during 1966–70—from $123 million in 1966 to over $290 million in 1970.[34]

The allocation of resources in the newest five-

[29] *Voprosy ekonomiki* (Moscow), December 1971, p. 29.
[30] *Pravda*, Dec. 15, 1971.
[31] *Izvestia*, Sept. 4, 1970.

[32] Based on data compiled by the author (largely from sources listed in fns. 23 and 53), to be included in a compendium of papers on the Soviet economy scheduled for publication in 1973 by the Joint Economic Committee of the US Congress.
[33] *Ibid.*
[34] Calculated from data in *Vneshniaia torgovlia SSSR v 1970 godu* (Foreign Trade of the USSR in 1970), Moscow, Mezhdunarodnye otnosheniia, 1971, and comparable volumes for preceding years.

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year plan (for 1971–75) will be discussed shortly in the context of the overall objectives of the plan and its record of performance to date.

Reforms in the Consumer Sector. Radical improvements in the efficiency of the consumer sector, in the quality and assortment of consumer products, and in retail services were among the main objectives of the general economic reforms that were adopted in 1965 and are still being implemented. Indeed, experimental reforms were first tried out in a number of consumer-goods plants, before a revised variant was adopted for application to the general economy. The major provisions of the 1965 reforms seemed tailor-made for solving the chronic problems in the production of consumer goods. Replacement of "value of output" with "sales" as a success indicator for enterprises seemed to provide an inducement for managers to produce only goods that could be sold and thus to pay more attention to the quality and the assortment of output. Extension and enforcement of direct contracts between producers and retail stores again seemed aimed at orienting production plans toward meeting consumer demand. Adoption of profits as a second success indicator appeared to offer a prod to managers to economize on resources. Finally, new pricing arrangements seemed to encourage managers to produce new and higher-quality products.

The adoption of the economic reforms proceeded more slowly in the two major branches producing consumer goods (food and light industries) than elsewhere, allegedly because of the large number of small and low-profit enterprises in those branches. As of mid-1970, when all enterprises of most industrial ministries were operating under the new arrangements, 30 percent of the enterprises under the USSR Ministry of Light Industry and 6 percent of those under the USSR Ministry of the Food Industry still operated according to pre-reform rules.[35] The experience of those consumer-goods plants to which the reform was applied was similar to that of enterprises in general.[36] In practice, the sales-oriented performance indicators merely supplemented rather than supplanted gross-value-of-output assignments and specific quantitative targets; ministerial tutelage and proliferating regulations circumscribed the managers' freedom of action; direct contracting turned out to be largely a formality, and penalties for contract violations were largely ineffective; pursuit of profits led managers to turn out the products that an arbitrary pricing system made "profitable," irrespective of what customers wanted or contracts provided; the new success criteria, coupled with new pricing rules, led managers to "upgrade" and "renovate" product assortments in ways that in reality amounted to hidden price increases.[37]

The continuation of consumer complaints about quality and assortment in 1971–72 testifies to the ineffectiveness of the reforms in ameliorating, let alone solving, these longstanding problems. The failure of the economic reform to improve matters in the consumer sector is graphically illustrated by a recent article in *Izvestia,* which details the woes of the clothing firm "Bolshevichka." [38] This firm's experience under the experimental reforms in 1964–65 was a great success story. But in 1972, nobody seemed to want to buy Bolshevichka's suits any more; they began to pile up in warehouses, and even the firm's own retail stores pleaded for a halt in deliveries. Nonetheless, superior organs increased the production plan, which the plant could not fulfill because it could not obtain the higher-priced fabric required. As a result, the plant's workers were penalized by loss of bonuses, and more unsalable goods were produced.

The much-touted introduction of direct commercial ties between producers and retail stores has also failed to rationalize the manufacture and delivery of consumer goods to any significant degree. In the first place, only the relatively few retail stores that operate independently on a system of profit-and-loss accounting (*khozraschet)* and large firms like Bolshevichka are allowed to contract directly with producer enterprises and suppliers; the rest continue to be supported through wholesale outlets which in turn place orders with industrial producers. Even where direct ties have been established, a host of problems have developed: contracts are frequently violated by one or the other or both parties; financial sanctions have proved ineffective in preventing contract breaches; goods delivered according to contracts concluded at trade fairs turn out to be different from the original samples; and so on. Producing

[35] *Ekonomicheskaia gazeta,* No. 29, July 1970, p. 7.

[36] For details of the experience under the reform in general, see Gertrude E. Schroeder, "Soviet Economic Reform at an Impasse," *Problems of Communism,* July-August 1971, pp. 36-46.

[37] A typical recital of these phenomena is contained in two recent articles in *Planovoe khoziaistvo,* October 1972, pp. 3-17.

[38] *Izvestia,* Aug. 10, 1972.

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enterprises fail to deliver promised consignments because production plans have been arbitrarily changed by higher authorities, because needed inputs do not arrive on time, because shipment of goods other than those specified in contracts is more profitable, or because there are transport failures. Retail units, in turn, refuse to accept goods because they find they have overestimated demand or because the goods do not meet specifications as to quality or mix. On the other hand, stores sometimes accept unordered goods because the alternative is not to receive anything and not to fulfill the plans for turnover. A kind of vicious circle thus prevails, where there are failures all along the line and everybody can blame somebody else. Nobody (or everybody) is at fault, and foul-ups are epidemic. A lengthy government decree (of early 1969) prescribing the rules and regulations governing the delivery of consumer goods apparently has been of little help.[39]

The government has also attempted to introduce various managerial reforms in the area of retail trade. In this sector the reforms have been adopted in two stages. The first stage, completed in 1969, essentially involved a simplification of planning procedures and was ostensibly designed to increase the leeway for managerial initiative. Instead of a long list of specific targets, only the volume of trade turnover and of profits for a given year were to be set in central agencies. However, in exercising their right to set all other plan indicators, managers of retail trade enterprises were required to remain within a host of centrally-determined parameters for such items as wage rates and prices.

The second stage entailed the adoption of a new system of incentives stressing sales and profits and resembling that in industry. Although this phase was started experimentally in 1966, only in 1971, following the issuance of a detailed set of instructions governing the new arrangements,[40] did the system begin to be broadly applied. By early 1972, this phase of the reform encompassed some 18,000 retail enterprises, accounting for about 28 percent of the total trade turnover in the USSR Ministry of Trade.[41] The extension of the incentive features of the reform to retail trade is severely handicapped by the low rate of profitability of the sector. In 1970 only 4 percent of retail trade enterprises were on profit-and-loss accounting, and even some of those units worked at a loss.[42] Retail trade markups are widely regarded as being too low. Also, the pricing system makes some goods very "profitable" to sell (*e.g.*, vodka), while others (*e.g.*, potatoes and vegetables) result in losses to the stores.[43] Although spectacular successes have been reported for some trade enterprises put under the new incentive arrangements, the problems in this sector appear to be unusually complicated. A major concern, for example, is how to devise a bonus system that will induce employees to cater to customers' wants with courtesy and efficiency.

Resort to Decrees and Campaigns. Mounting evidence of continuing malaise in the consumer sector, due in part to the inadequacy of the reform program, has led the government to try once again to cure its economic problems by administrative fiat, an approach used often in the past but with little effect. A decree adopted in late 1969 called for a broad range of actions to increase and upgrade consumer everyday services.[44] In late 1969 and 1970, two decrees were issued dealing with the intractable problem of product quality[45]; they applied to industry in general and provided various penalties for laxity. The press uproar in 1970 over shortages of dishes produced a resolution "On Increasing the Production, Widening the Assortment, and Improving the Quality of High-grade Dishware."[46]

Continuing signs of consumer frustration—given added impact, perhaps, by the eruption of discontent in Poland in December 1970—resulted in at least four more major decrees. Two of them were aimed at increasing output and facilities during 1971–75 in two consumer-related industries—chemical fibers and meat-and-dairy products. These measures were issued in September and December 1971 respectively and were typical of similar action-demanding documents issued in the past.[47]

A third decree, published on January 30, 1972, outlined measures to improve retail trade.[48] Like numerous predecessors, it relied mainly on an exhortation to the ministries and agencies concerned

[39] *Ekonomicheskaia gazeta*, No. 20, May 1969, pp. 11-14.
[40] *Ibid.*, No. 49, December 1970, pp. 10-14, and No. 18, April 1971, p. 15.
[41] *Sovetskaia torgovlia* (daily), May 9, 1972.
[42] *Voprosy ekonomiki*, May 1972, pp. 120-21.
[43] *Ibid.*, April 1972, pp. 99-100.
[44] *Izvestia*, Dec. 27, 1969.
[45] *Ekonomicheskaia gazeta*, No. 49, December 1968, pp. 1-8, and *Pravda*, Dec. 5, 1970.
[46] *Izvestia*, Dec. 19, 1970.
[47] *Pravda*, Sept. 12, 1971 and Dec. 3, 1971.
[48] *Ibid.*, Jan. 30, 1972.

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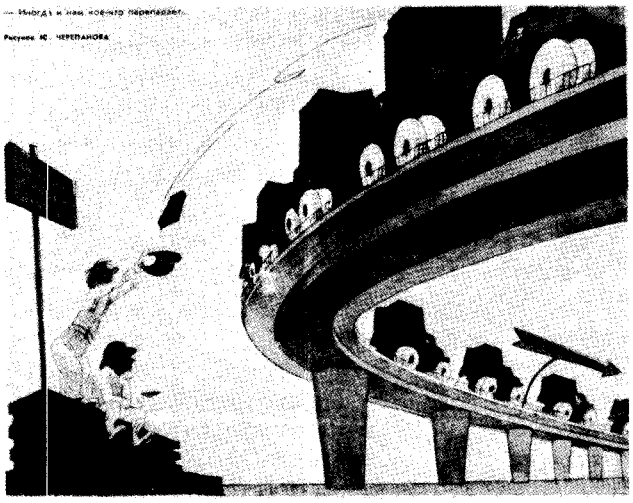
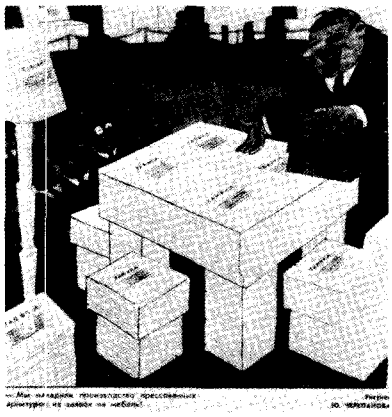
KROKODIL PINPOINTS CONSUMER PROBLEMS

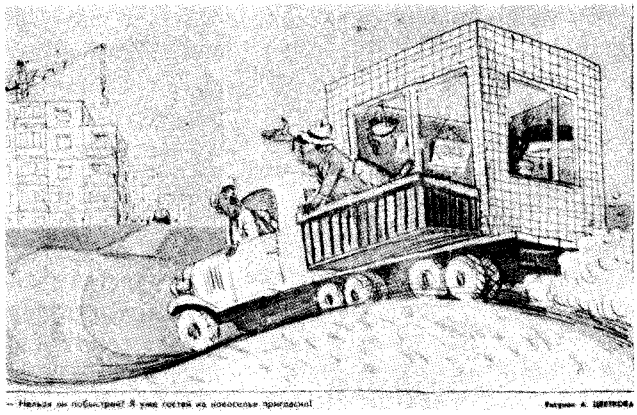


Workers building a textile factory note that "Sometimes something falls our way," as the trucks speed on toward the construction site of a giant plant.—Krokodil *(Moscow), No. 5, February 1972, p. 7.*

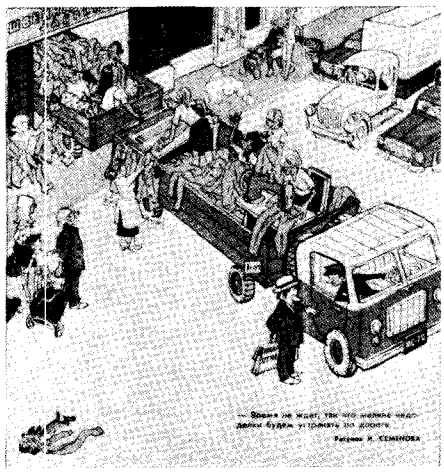
"This phonograph comes with two needles and this small list of possible, easily-remedied defects."—*No. 35, December 1971, p. 4.*



"We have worked out production of furniture sets made from compressed [unfilled] orders for furniture."—*No. 18, June 1971, p. 3.*



"Can't you get a move on? I've already invited guests for the housewarming."—*No. 14, May 1972, p. 6.*



"Time's short; we'll mend the minor flaws on the way," the official tells the driver of a load of "highest grade" suits.—*No. 21, July 1972, p. 12.*

A meeting in the Everyday Services Combines raises the question: "Who is in favor of having the dry cleaners stop snapping off buttons?" A customer replies, "I am!" —*No. 32, November 1971, p. 6.*

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to ensure the solution of all the problems in retail trade. It also specified targets and investment allocations for 1971–75. One innovation provided for the establishment of an Interdepartmental Council under the Ministry of Trade to study the demand for consumer goods. The membership of this Council was to comprise representatives of the Ministry of Trade, the ministries producing consumer goods, the trade unions, and the Central Union of Consumer Cooperatives—the agency responsible for retail trade in rural areas.

The fourth decree, entitled "On Measures for the Further Development of the Production of Goods in Mass Demand," was published under joint party-government imprimatur on October 29, 1971.[49] By far the strongest of the recent directives, this measure reflected the leadership's extreme frustration at the continuing shortages of a wide variety of ordinary household items, especially "odds and ends" ranging from meat grinders to wood screws, which the press refers to as "a thousand trifles." The decree specified output targets for 1971–75 for a long list of such goods, many of which (at least 67) had not previously been centrally planned.[50] Among other provisions was a demand for the full utilization of existing capacities for production of such goods and the expeditious creation of new ones. In a departure from past practice, the decree also provided that consumer goods output was to count toward plan fulfillment at plants in the heavy industrial sector manufacturing such goods as a secondary line of output. Enterprise performance in this regard was to affect the size of incentive funds, and bonuses for managerial and office employees were to depend on fulfillment of plans and contracts for delivery of consumer goods. "Personal responsibility" was assigned to the heads of ministries and departments for fulfilling the provisions of the decree and for "ensuring the production of high-quality goods in mass demand in accordance with the orders placed by trade organizations"; "personal responsibility" was also assigned to the all-union and union-republic ministers of trade for the "correctness of their stated needs for goods." The councils of ministers of the 15 union republics were instructed to "ensure systematic checkups on the state of affairs with respect to the production of consumer goods in every industrial enterprise, regardless of its departmental subordination, and to take steps for the utilization of emerging possibilities for increasing the production of goods in popular demand." These were unusual assignments of responsibility. In addition, party organs at all levels were instructed to "exercise daily supervision" over fulfillment of the tasks spelled out in the decree.

There has been an unusually large amount of follow-up on this edict and also on the decree concerning retail trade, suggesting that strong party pressure is being brought to bear to insure their implementation. As might be expected, the various bureaucracies concerned soon published detailed instructions on the new planning and incentive arrangements for ordering and producing consumer goods.[51] The new council to study demand was quickly set up, complete with republic and lower level sub-councils, and has begun publication of an information bulletin. The injunction to produce more consumer goods has assumed the status of a major "campaign," with heavy emphasis placed on publicity, pledges, socialist competition, and checkups on performance by party and control bodies at all levels. Producer-goods plants are being pressured to climb on the band wagon *en masse;* the leadership evidently is convinced that large "hidden reserves" exist in heavy industry that can be tapped for consumer-goods production. Short of direct imports, the mobilization of such reserves may appear to be the fastest way to meet the needs of impatient consumers.

Although there have been a number of "success" stories in the press concerning plants that have fulfilled consumer-goods pledges, increased the proportion of their consumption output, introduced new consumer products, and so forth, the problems created by this latest and most energetic campaign appear to be legion. The overall impression is one of utter confusion.[52] Nobody seems to know how much of what is needed where, so plants, under severe pressure to produce something, make whatever they can produce most easily. Usually they also have to make their own designs and parts. Long delays and red tape are involved in getting designs and prices approved by appropriate agencies. Several plants in a given city may begin making the same articles—say, trays or candlesticks—thus producing a glut on

[49] *Ibid.*, Oct. 29, 1971.

[50] *Planovoe khoziaistvo,* October 1972, p. 9.

[51] *Ekonomicheskaia gazeta,* No. 29, July 1972, p. 4, and *Sovetskaia torgovlia* (monthly), June 1972, pp. 61-63.

[52] Following is a partial citation of the evidence: *Izvestia,* June 12, 1972; Aug. 2, 16, 1972; Sept. 3, 15, and 30, 1972; Oct. 3, 1972. *Pravda,* June 24, 1972; Sept. 14, 1972. *Ekonomicheskaia gazeta,* No. 40, October 1972, p. 17.

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the local market. Nobody knows if the surplus products are needed in other areas or how to organize their sale. Numerous local agencies are now involved in the endeavor to "force" greater consumer-goods output on enterprises of heavy industry, and conflicts arise between these agencies and the producer ministries. Meanwhile, press complaints of sporadic surpluses and shortages and of the poor quality of goods have continued at the same level of intensity as in the past.

The Ninth Five-Year Plan

Evidence bearing on the seriousness of the regime's stated intent to give priority to the consumer sector may be gleaned by a detailed examination of the goals set in the Five-Year Plan for 1971–75. At the time the plan was announced, much publicity was focused on the scheduling—for the first time in a Soviet five-year blueprint—of a faster growth rate for industrially-produced consumer goods than for producer goods and of a rise in the share of consumption in national income. The plan in fact provided for substantial increases in the production of consumer goods and services and for a broad range of increases in money incomes and social benefits.[53] A close look at the numerous published targets reveals, however, that the rate of improvement in per capita consumption was actually scheduled to be somewhat lower than that achieved during the preceding plan period, although considerably above the low rate recorded in 1961–65. The slowdown was particularly evident in such areas of state-provided communal (or social) consumption as health and education. On the other hand, a notable exception was a large planned increase in the provision of passenger automobiles for sale to the public. The table on this page offers some comparisons of the rates of growth achieved in 1966–70 with those planned for 1971–75.

With reference to the first category, *i.e.*, "Indicators," planned increases in wages and welfare benefits for 1971–75, although less than the rates of growth achieved in 1960–70, implied a rise in per capita disposable income that should significantly exceed the planned increase in per capita household consumption (consisting largely of purchases of goods and services by the population). Thus the problem of repressed inflation will persist. According to a Western estimate, per capita disposable money income should rise by 5.8 percent annually from 1971 to 1975, whereas total private and communal consumption will increase only 4.8 percent annually in the same period.[54] Various wage

Deceleration of Consumer Gains

	Growth, in percent	
	1966-70	1971-75 (Plan)
Indicators [a]		
Real income per capita	33	31
Average wages	26	22
Real income of collective farmers	54	40
Social consumption funds per capita	44	34
Retail trade per capita	37	35
Per Capita Consumption of Food		
Meat and meat products	17	23
Milk and milk products	22	11
Eggs	28	21
Fish	22	43
Vegetables	14	33
Per Capita Consumption of Non-food Goods		
Cloth	15	15
Knitwear	26	43
Leather shoes	25	20
Household Stocks of Consumer Durables [b]		
Television sets	112	41
Refrigerators	191	100
Washing machines	148	29
Radios	22	30
Sewing machines	8	9
Housing		
Urban living space per capita	10	8

[a] Calculated from Soviet data and based on Soviet definitions of these indicators.

[b] Derived from Soviet statistics on stocks per 100 families.

SOURCES: *Narodnoe khoziaistvo SSSR v 1970 godu* (National Economy of the USSR in 1970), Moscow, Statistika, 1971, pp. 576, 582; and N. K. Baibakov, Ed., *Gosudarstvennyi piatiletnyi plan razvitiia narodnovo khozaiaistva SSSR na 1971-75 gody* (State Five-Year Plan for the Development of the National Economy of the USSR in 1971-75), Moscow, Izdatelstvo Politicheskoi Literatury, 1972.

[53] The most detailed information on plan goals is given in N.K. Baibakov, Ed., *Gosudarstvennyi piatiletnyi plan razvitiia narodnovo khoziaistva SSSR na 1971-75 gody* (State Five-Year Plan for the Development of the National Economy of the USSR in 1971-75), Moscow, Izdatelstvo Politicheskoi Literatury, 1972. Baibakov is Chairman of the USSR State Planning Committee.

[54] See Douglas B. Diamond, *loc. cit.*, p. 52.

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adjustments were scheduled to raise average wages in the state sector by 22.4 percent, while the pay of collective farmers was to increase by 30.6 percent. Reduction in income taxes and resumption of repayments of state loans (halted in 1958 but now slated to be resumed in 1974) should further augment disposable income. Furthermore, the plan called for a total of some 8.7 billion rubles in new pension benefits to be disbursed during 1971–75 and for a program of family allowances to be inaugurated in 1974.

With respect to per capita food consumption (the second grouping in the table), while the overall rate of increase was slowed down, the plan called for significant improvements in the quality of the Soviet citizen's diet. Notably, per capita consumption of meat, fish and vegetables was scheduled to grow much faster than during the 1960's, while the share of bread and potatoes in the diet was to continue to fall. Unhappily, the achievement of these projected gains was seriously jeopardized by the poor harvests in 1971–72.

In the category of soft goods, the plan provided for accelerated growth in the output of cloth, knitwear and stockings, and for decreased rates of growth but better quality and assortment of shoes and clothing. The latter decisions were probably related to the recent buildup of inventories of these items and to the fact that, with respect to leather footwear, per capita consumption by 1975 should exceed the "scientific consumption norm" (a Soviet index that estimates "reasonable need").[55]

For most consumer durables, the rates of increase in output were scheduled to slow down; actual decreases in output were planned for television sets and washing machines, likely as a response to mounting retail stocks. In part as a result of the difficulties experienced in selling many models of these and other household appliances, the plan called for sharp curtailments in the number of models and concentration on the production of more modern ones. For example, six models of refrigerators were to be produced instead of the former 26, and six models of washing machines were to be made instead of 32. Stocks of most durables in the possession of households were to continue to rise rapidly, although somewhat more slowly than in the past. (Even if the plan is met, however, the supply of such items will remain far below those now available in the Western industrial countries.)

[55] *Literaturnaia gazeta*, Feb. 17, 1971, p. 10.

The most grandiose plans for consumer production in 1971–75 concerned implementation of the decision to produce more passenger automobiles for sale to the ordinary citizen. The output of passenger cars was scheduled to increase by more than 300 percent during 1971–75, compared with a rise of about 75 percent in 1966–70; the number of cars sold to the general public was to rise from 124,000 in 1970 to 800,000 in 1975, putting a total of about 3.7 million cars in private hands, compared with 1.2 million in 1970.[56] The key manufacturing facility is the huge new Togliatti plant, which makes Fiat-designed small cars; as of this writing, it is behind in its production schedule. Plans also called for development of a network of large service centers and for close to a sixfold increase in employment in auto service and repairs.[57] Again, however, the implementation of these decisions has already fallen behind schedule, despite a government decree dealing with the subject.[58] Acute shortcomings in this area were illustrated by a press complaint at the end of 1971, when there were only 688 service stations and repair shops in the entire USSR, that repair facilities could fill only about 20 percent of their orders and that as of the previous spring, "about 25 percent of the private cars in Moscow were unable to move."[59] Moreover, as of 1970 the USSR had a mere 128,663 miles of paved roads (compared with 1.66 million in the US).

In the sectors of personal services, retail facilities and housing, the projected rates of improvement were substantial but again somewhat below the rates achieved during the preceding five-year period. The ruble value of a wide variety of personal services was scheduled to double, total retail floor space was to increase by one-fifth, and the number of seats in restaurants was to grow by two-fifths. The plan provided for the construction of 580 million square meters of new housing; fulfillment of this goal would raise living space per urban resident from about 7.5 square meters to about 8.1 square meters. This projection represented a slower rate of improvement in living space per capita than in the last plan period and reflected a reduced investment priority for housing, whose scheduled share in total capital investment was to drop from 17.1 percent in 1966–70

[56] M.I. Chistianov and P.T. Morozov, *Planirovanie v SSSR* (Planning in the USSR), Moscow, Ekonomika, 1971, p. 129.

[57] *Izvestia*, Dec. 7, 1971.

[58] *Ibid.*, Jan. 15, 1972.

[59] *Ibid.*, Dec. 7, 1971; see also *Ekonomicheskaia gazeta*, No. 37, September 1972, p. 22.

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to 14.7 percent in 1971–75. Even if the plan for housing were met (and if so, it would be the first time that the Soviet government achieved its stated goals in this sector), per capita urban living space would still be well below the minimum standard for health and decency accepted by the government (9.0 square meters per capita). Clearly, only a token installment has been made toward fulfilling Khrushchev's promise to eliminate the housing shortage, and by 1975 the Soviet people should still have poorer housing by far than any major Western country.

Finally, government expenditures on health and education were scheduled to increase only 3.5 percent annually on a per capita basis, the slowest rate of increase in the postwar period.

As already mentioned, the Ninth Five-Year Plan got off to an unauspicious start, largely because of poor weather in agriculture and also because of unexpected difficulties encountered in getting new industrial plants into operation. According to Western estimates, the annual growth of GNP averaged considerably less than 3 percent during 1971–72, agricultural production declined in both years, and the rate of industrial growth was the lowest in the postwar period.[60] Consumer gains slowed significantly, with both per capita consumption and money incomes rising by less than 4 percent annually. The output of most consumer goods in 1972 was below the targets set in the Five-Year Plan, as was the number of square meters of housing completed.

As a result of the economic difficulties experienced in 1971–72, the government has approved a plan for 1973 that reduces the original goals for national income, industrial production and investment by substantial amounts. The goals for most consumer-related targets have been cut back, especially for the output of processed food and clothing. Goals for the growth of money incomes and of the money value of state-provided benefits have also been reduced. On the other hand, housing construction in 1973 is scheduled to increase faster than originally planned, and the plan's original priorities for investment in agriculture and in consumer goods

[60] Based on data to be included in the aforementioned compendium of papers scheduled for publication in 1973 by the Joint Economic Committee of the US Congress.

A shipment of "Zhiguli" automobiles arrives in Stavropol in April 1971 from the Togliatti plant. The designation on the rail car reads "light automobiles."

—Photo by A. Shchekin, from Novosti via Sovfoto.

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Moscow's "Lebed" (Swan) residential district under construction. The first three stories of each building will be given over to service establishments, and a 320-car garage is included in the basement.

—Photo by V. Koshevoi, from TASS via Sovfoto.

industries have been retained.[61] With these large investments, the government hopes to regain some of the setback in the rate of improvement in consumer welfare that has occurred thus far in the plan period.

Systemic Dilemmas

The mix of consumer-related problems urgently in need of solution in the Soviet economy presents the system's administrators with their greatest challenge since the advent of central planning. These problems must be viewed in the context of the gradual ongoing shift to a balanced growth model that accords consumption equal status with investment as a claim on increments of output. With labor reserves largely utilized, future growth depends much more on productivity gains. Moreover, the current stage of development requires that production be oriented to the provision of quality goods and services instead of mere quantities and that the system of distribution be radically improved. Within limits, the present leadership has acknowledged these economic facts; indeed, it has little choice, but the inherent dilemma is painful. On the one hand, consumer wants must be heeded in order to provide the incentives for increased productivity and earnings. But, on the other hand, the system's present institutional arrangements are uniquely unsuited to managing the production and distribution of consumer goods and services for a populace whose basic subsistence needs have been more than met.

Clearly, the leadership is aware of the risks of widespread alienation of the work force, a social disease that could manifest itself in general lassitude and unwillingness to put forth effort, be it physical or mental, routine or creative. Signs of a low-grade current crisis in incentives include the high rate of savings out of current income, the apparently widespread indifference to doing a job well, high rates of absenteeism and labor turnover, and pervasive drunkenness. Up to now, the regime has responded in largely traditional ways—by emphasizing moral incentives, socialist competitions and emulations; by increasing the social pressures exerted by party and control bodies; and by taking measures to combat "parasites" and alcoholism. Such approaches have not been notably effective in the past.

The targets of the Ninth Five-Year Plan indicate that the regime is now seriously concerned about heeding consumer wishes but only partially ready to take the steps necessary to achieve a genuine measure of success. There is no great push to redress the legacies of past imbalances, and the traditional investment priorities have not, on the whole, been greatly altered, although agriculture and the consumer goods industries have been allocated larger shares. A number of measures to increase the quantities of consumer goods and services have been launched with great fanfare, the most spectacular being the effort to make more passenger automobiles available for purchase by the general public. An intensive effort is also being made to alleviate perennial shortages of consumer goods of the "odds and ends" variety by increased centralization of planning and by a campaign to force their production in enterprises of heavy industry. So far, however, the results of these efforts have been disappointing. With respect to the "odds and ends" drive, the regime's approach is palpably short-run and stop-gap in

[61] These findings were arrived at by a comparison of the data provided in the report of Gosplan Chairman N. K. Baibakov on the 1973 plan to the USSR Supreme Soviet on Dec. 18, 1972 (*Pravda*, Dec. 19) with the information in Baibakov's book on the 1971-75 Five-Year Plan (cited in fn. 53 above).

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nature; in view of the implicit cost and open confusion generated by this campaign, there is a fair chance it may simply peter out, leaving matters little improved.

Meantime the regime has resorted to increased imports from the West to alleviate shortages of consumer goods. As noted earlier, there is reason to suppose that the Polish riots at the end of 1970 were a sensitizing factor in this respect. Thus, in 1971 imports of non-food consumer goods from the West jumped sharply (by nearly $90 million in just one year).[62] Over the same period, consumption rose significantly faster than the GNP. Again, in response to the crop failure of 1972, the decision was made to import large quantities of grain rather than permit domestic food consumption to deteriorate. It will be interesting to see whether, and to what extent, consumer-oriented rather than producer-oriented imports are curtailed as a consequence of the need to finance these grain purchases.

Obviously, such stop-gap efforts do nothing to eradicate the underlying causes of the consumption crisis. The problem confronting the regime is not simply to provide more or better consumer goods, but to modernize the consumer sector all across the board—and to do so with reasonable dispatch. With by far the most unbalanced economy of any modern nation, the planners face a truly staggering task. In order to redress this imbalance in the short run, massive investments would be needed to provide more housing, retail and service facilities, and machinery for agriculture. Consequences for the rate of economic growth aside, a reorientation of traditional investment priorities on the scale required would meet with formidable resistance from the powerful bureaucracies in defense and heavy industry. Perhaps a really determined leadership with a sense of mission could accomplish the task. Its political prestige with the populace would be enhanced thereby, and the basic essentials of the existing *modus operandi*—of the centrally-administered economy—could be preserved. But there are as yet no signs of any such radical change in investment priorities.

Aside from the need for a major reallocation of resources to the consumer sector, the most critical task confronting the Soviet regime is to forge the economic organizations and design the incentives that would assure the matching of supply and demand in fine detail, and with efficiency and dispatch, over the whole range of consumer goods and services. The essence of this problem is to achieve micro-efficiency in a system in which the organizational structure and producer incentives are geared to producing gross quantities that do not necessarily reflect consumer demand.

A key aspect of this task is the radical upgrading of quality—not only of final products, but of the entire chain of material inputs into them. In market systems, competition and the profit motive do the job. Soviet planners are attacking this perennial problem with renewed vigor by imposing a host of norms and standards, by establishing mandatory quotas of "highest grade" products in output plans, and by tying bonuses to a variety of quality indicators. These latest attempts to substitute multiple and complex administrative rules and penalties for the discipline afforded by competition in other economic systems are not likely to be any more successful in the future than in the past.

Another major facet of the problem is to devise means of accurately forecasting current and shifting demand for consumer goods in fine detail—size, style, color, material, models, etc. This is no easy task in any system; for a centrally-administered economy, it is herculean. In market economies the tricky task of estimating demand and reacting to it is performed in a highly decentralized process involving numerous independent units, each looking after its own products and spurred to act speedily by competition. In the Soviet economy the forecasting of consumer demand is in its infancy. Market surveys are little used. The function is highly centralized, based on primitive methodologies and poor data, and obviously ineffective.[63] Forecasts are supplemented by the use of "scientific (rational) consumption norms"—calculations of "all that a reasonable man could want," to quote Khrushchev—but these are of little use in short-term planning. Currently, under the impetus of two party-government decrees, a mass assault is being made on the problem of forecasting consumer demand. Everybody is being enjoined to get into the act—individual stores, the Ministry of Trade, its research institutes and its regional subordinates, producer enterprises and

[62] Calculated from data in *Vneshniaia torgovlia SSSR v 1971 godu.*

[63] *E.g.*, the underlying data on surveys of family budgets have been severely criticized. See: *Planovoe khoziaistvo*, February 1969, pp. 25-31. *Voprosy ekonomiki*, July 1969, pp. 37-44. *Ibid.*, April 1971, pp. 82-91. *Ibid.*, April 1972, pp. 96-106. For a general discussion of the quality of Soviet statistics on consumption and their utility for planning see Marshall I. Goldman, "Consumption Statistics," in Vladimir G. Treml and John P. Hardt, Eds., *Soviet Economic Statistics*, Durham, Duke University Press, 1972, pp. 318-46.

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their supervisory ministries, and local executive bodies. Party organs at all levels have been directed to assist in and monitor forecasting endeavors. A super-coordinator for all this effort—complete with counterparts at the regional level—has recently been set up.

Meanwhile, the agency created seven years ago with the explicit charter to study market demand is now engaged in coordinating a massive—and seemingly ineffective—demand-forecasting project involving 40 separate research institutes.[64] Bureaucracy seems to be running wild! Granted that the task of forecasting consumer demand without markets is nightmarish, the present approach can scarcely generate much more than frenetic activity and reams of reports by the multiple bureaus involved.

Even if demand could somehow be accurately forecast with the requisite detail and timeliness, there would remain the problem of how to generate incentives ensuring a rapid and precise response to forecasts on the part of producers and the distribution system. The leadership still seems to believe that, given more time, the ongoing economic reform will accomplish this tricky task. The reform's incentive rules are to be extended throughout the economy by the end of 1975. The experience thus far gives no ground for optimism. The reform's new incentive and administrative arrangements have not changed the essentials of the old system, but they have added greatly to the bureaucratization of economic life.

To sum up, the leadership seems committed to the gradual orientation of the economy to better satisfy consumer needs—a policy that is required, in any event, to provide work incentives and political stability. But up to now, the efforts to deal with the manifold problems in the consumer sector have been largely of the traditional variety—campaigns, moral suasion, tinkering with bureaucratic rules, and reorganizations and minor alterations in incentive arrangements. In short, a policy of acquiescing to a slower rate of economic growth and of muddling through seems to have been tacitly adopted. The present ways of tackling the malaise in the consumer sector hardly seem likely to bring about noticeable improvement. If popular unrest becomes widespread, the leadership may be forced to make more radical changes—possibly to permit more private activity and to introduce some degree of decentralization and marketization, at least in parts of the consumer sector. Such a reintroduction of markets and private activity, reminiscent of Lenin's "New Economic Policy" of the early 1920's, would modify the present system in major degree. It would probably take a bold leadership—or a really frightened one—and a real economic crisis to effect a major reform of this nature; but at least the authorities could cite the historical precedent of NEP, and Leninist scriptures could be invoked to lend such a course ideological legitimacy.

[64] *Voprosy ekonomiki*, July 1969, pp. 37-44.

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Comecon Integration

By Z. M. Fallenbuchl

Nearly two years have passed since the Council for Mutual Economic Assistance (Comecon or CMEA) adopted a "Comprehensive Program for the Extension and Improvement of Collaboration and the Development of Socialist Economic Integration of the CMEA Countries." It is perhaps appropriate at this juncture to examine the economic forces at work in Eastern Europe which led to the adoption of this program in Bucharest in July 1971, to describe its salient features and their prospects for resolving existing problems in the East European economies, and to assess the likely trend of future development within Comecon.[1]

The Comprehensive Program has been grandiosely depicted in Eastern Europe as an important step toward Lenin's vision of "a single world economy which as a whole is regulated by the proletariat of all nations in accordance with one overall plan." [2] In somewhat more restrained terms, it is viewed as the beginning of a new stage in the development of Comecon, a period lasting 15–20 years in which there will be "a gradual switch from relatively simple forms of cooperation to socialist economic integration" of the Comecon member states. It is also represented as "a logical consequence of the past economic development of the member countries and the achievement by them of a high level of economic activity, as well as the result of a series of measures which have been taken over a period of time in order to increase the effectiveness of cooperation." [3] While one may question whether this process has been as logical or "scientific" as these statements seem to imply, the Program is clearly an outgrowth of, as well as a response to, the postwar patterns of economic development in the socialist countries of Eastern Europe and of economic relations among themselves and with other parts of the world. It is to that history that we must now turn.

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The Era of "Extensive" Development

For a brief period after World War II, the countries of Eastern Europe pursued diverse economic courses. But once the USSR had firmly established its dominance over the region (signified in the economic realm by the imposition of the Soviet system of planning and management and the Soviet development strategy on each of the East European states, with only minor variations), these countries adopted a more or less uniform "Communist pattern of industrialization." [4] This pattern was characterized by two related principal features: (1) reliance on what is known in Communist economic parlance as an "extensive pattern of development," and (2) strong autarkic elements in the economies of the individual states.

Under the "extensive" strategy, high rates of growth in national income were indeed attained in

[1] The Council for Mutual Economic Assistance includes various other members, most recently Cuba and Syria, but the basic analysis here is centered on the six East European members—Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania—plus the Soviet Union.

[2] J. Ptaszek, "Progress in Cooperation," *Zycie gospodarcze* (Warsaw), No. 38, 1972, p. 5.

[3] L. Skibinski, "The Program of Socialist Economic Integration of the CMEA Countries," *Handel zagraniczny* (Warsaw), No. 9, 1971, p. 305.

[4] Z. M. Fallenbuchl, "The Communist Pattern of Industrialization," *Soviet Studies* (Glasgow), April 1970, pp. 458-84.

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Table 1: Average Annual Rates of Growth of Investment and National Income (NI)

(in percent)

	1951-55		1956-60		1961-65		1966-70		1971-75 (Plan)		1971		1972 (Plan)	
	Inv.	NI	Inv.	NI	Inv.	NI	Inv.	NI	Inv.	NI	Inv.	NI	Inv.	NI
Bulgaria	15.0	13.4	18.3	10.0	8.7	6.6	12.5	8.3	5.9-7.0	7.8-8.5	n.a.	9.4	6.4	6.1
Czechoslovakia	10.2	8.0	13.4	6.8	2.2	1.9	7.3	7.1	6.2-6.5	4.7-5.4	7.4	5.3	4.8	n.a.
GDR	20.4	11.8	14.3	5.0	4.7	3.4	9.8	5.3	5.2	4.9	0.0	4.5	2.0	5.0
Hungary	5.4	6.4	12.6	7.2	4.7	4.5	10.5	6.3	5.9-6.2	5.4-5.7	20.0	7.5	0.0	4.6
Poland	11.4	8.6	8.7	6.6	7.0	6.2	8.3	6.2	7.8	7.0	7.3	7.3	9.6	11-12
Rumania	20.4	14.6	13.5	7.2	11.3	9.6	10.8	7.6	8.7	11-12	10.8	12.5	n.a.	5-6
USSR	12.2	11.4	13.0	9.1	6.3	6.5	7.3	7.8	7.3	6.7	7.0	6.0	5.7	6.2

SOURCES: Statistical yearbooks of the above countries and M. Golebiowski and B. Zielinska, "Economic Development of Socialist and Capitalist Countries in 1971 and Plans and Forecasts for 1972," *Gospodarka planowa* (Warsaw), No. 5, 1972, pp. 264-65.

these economies during the 1950's by mobilizing huge amounts of manpower and investment and allocating them according to a system of rigid priorities to branches of industry producing capital equipment—a process for which the centralized Soviet-type administrative system was well geared.[5] At the outset, growth was generated by channeling excess rural manpower into nonagricultural sectors, particularly heavy industry, and by investing heavily in the construction or enlargement of industrial plants. What increases there were in labor productivity resulted primarily from increases in the ratio of capital to labor. When sources of new manpower began to grow scarce, even larger volumes of investment were needed to maintain high rates of growth. Examining the time span from 1951 through 1970, one notes that the officially reported rates of growth of national income (as defined in the East European states) were lower than the rates of growth of investment for all Comecon countries in each five-year period, with the exception of Hungary in 1951–55 and the USSR in 1966–70 (see Table 1).

The pattern of "extensive" development resulted in "growth for its own sake" or "barren growth," as a well-known Polish economist described it.[6] Even when working relatively smoothly to effect rapid growth of national income and of industrial production, the "extensive" strategy was unable to satisfy the aspirations of the respective populations. It required a high proportion of producer goods in the total output and hence a restricted production of consumer goods (see Table 2). Because the strategy relied on large-scale transfers of unskilled labor from agricultural to other occupations, growth in productivity, and thus of real wages, could not be high. Faced with a declining efficiency of capital and unable to borrow abroad, the East European economies were forced to increase the share of accumulation (*i.e.*, savings) in national income in order to sustain burgeoning investment programs. It is, however, impossible to increase the share of accumulation beyond a certain point without reducing work incentives and creating politically dangerous situations.[7] In some drastic cases this policy resulted in riots, as happened twice in postwar Poland.

The second striking feature of the Communist pattern of industrialization was the tendency toward autarky. The East European countries pursued what has come to be called a strategy of "import substitution," *i.e.*, the effort to develop domestic capacity to produce virtually everything which a given country previously imported. This quest for self-sufficiency even encompassed the "domestic raw materials base," which was to be expanded in every Comecon country whatever the cost. International trade performed only a supplementary role, serving to finance imports of investment goods and raw materials only where they were not available domestically at any price. Exports—mainly of temporary surpluses achieved at the expense of domestic consumption—were generated merely to finance such unavoidable imports.[8]

[5] Z. M. Fallenbuchl, "Some Structural Aspects of the Soviet-Type Investment Policy," *ibid.*, April 1965, pp. 432-47.

[6] K. Secomski, "Modernization of the Structure of the National Economy and the Dynamics of Its Development," *Gospodarka planowa* (Warsaw), April 1971, p. 199.

[7] See Z. M. Fallenbuchl, "Investment Policy for Economic Development: Some Lessons of the Communist Experience," *The Canadian Journal of Economics and Political Science* (Toronto), No. 1, 1963, pp. 26-39.

[8] J. Kleer, *Przez szesc krajow* (Across Six Countries), Warsaw, PWE (Panstwowe Wydawnictwo Ekonomiczne), 1967, pp. 132-33.

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Such autarkic policies created very similar industrial structures in all the Comecon countries, and there was consequently little basis for trade among them. They all competed for the same raw material supplies and external export markets.[9] Moreover, the industries created at such enormous sacrifice on the part of the population proved to be highly inefficient, and their output enjoyed little demand on world markets.

Faced with these intractable realities, Marxist economists gradually "rediscovered" the principle of comparative advantage. But even when Comecon attempted to create a more rational international division of labor in the late 1950's and early 1960's, the measures taken had a strong autarkic flavor—the emphasis was on *intra*branch rather than *inter*-branch specialization, because each member country still wished to develop its own comprehensive industrial structure comprising all branches of production.[10]

The disadvantages of the socialist pattern of industrialization and its autarkic tendencies manifested themselves in the late 1950's and early 1960's in a slowing of the rate of economic growth throughout the East European bloc (see Table 1 above). This occurred in spite of the fact that the share of accumulation in national income increased during the 1950's in every country except the USSR (which nevertheless continued to show the highest proportion of accumulation relative to national income—see Table 3). The problem was that investment proved to be of diminishing productivity (see Table 4). Furthermore, the rate of growth of labor productivity likewise proved lower in 1961–65 than in 1951–55 for every country except Hungary (see Table 5).

Ripe for Change

By the middle of the 1960's, it was clear that important steps would have to be taken not only to prevent further declines in the rates of growth of national income, industrial production and labor productivity, but also to reverse the accelerating demands which growth in national income were placing on capital investment and hence on accumulation or savings. Two essential measures were needed: (1) a shift from the "extensive" to an "intensive" pattern of growth, and (2) a considerable increase in the role of international trade in the development process.[11] Yet, these two changes in turn required modification both of the traditional Communist system of economic administration and planning and of the existing industrial structure. The nature of the structural change required in the shift to "intensive" growth has been described as follows:

A shift to the intensive phase of development requires a far-reaching modernization of productive

[9] S. Gora and Z. Knyziak, *Miedzynarodowa specjalizacja produkcji krajow RWPG* (International Specialization of Production of the CMEA Countries), Warsaw, PWE, 1971, pp. 33, 37, 88-89.

[10] See Z. M. Fallenbuchl, "International Economic Relations in the Communist Policy of Economic Development," in P. E. Uren, Ed., *East-West Trade*, Toronto, Canadian Institute of International Affairs, 1966, pp. 67-86.

[11] On the question of the role of trade in the development of Comecon economies, see Z. M. Fallenbuchl, "Growth Through Trade in Socialist Economics," in W. D. C. Hunter, Ed., *Papers and Proceedings of the Conference on Current Problems of the Socialist Economies*, Hamilton, Ontario, McMaster University, 1970 (mimeographed); and P. Bozyk, "The Evolution of Economic Cooperation Among the Socialist Countries," *Handel zagraniczny*, No. 11, 1968, pp. 416-20.

Table 2: Share of the Output of Producer Goods in Total Industrial Output
(in percent)

	1950	1955	1960	1965	1966	1967	1968	1969
Bulgaria	38.2	45.5	47.2	52.3	52.6	53.0	53.2	53.4
Czechoslovakia	49.4	55.7	59.2	60.6	61.2	61.4	61.4	61.7
GDR	n.a.	66.6	66.5	68.1	67.9	68.1	68.6	70.1
Hungary	n.a.	65.0	66.0	65.4	65.7	65.2	65.3	64.6
Poland	52.6	57.2	59.4	63.0	63.3	64.4	65.3	66.0
Rumania	52.9	55.7	62.8	67.3	67.5	67.8	69.1	69.2
USSR	68.8	70.5	72.5	74.1	74.4	74.4	74.0	74.0

SOURCE: J. Kleer, *Wzrost intensywny w krajach socjalistycznych* (Intensive Growth in the Socialist Countries), Warsaw, CRZZ, 1972, pp. 104-5.

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Table 3: Share of Accumulation in National Income

(in percent)

	1950	1955	1960	1965	1967	1970	1971-75 (Plan)
Bulgaria	20	21	27	21	33	29	26
Czechoslovakia	17	20	18	20	22	27	n.a.
GDR	10[a]	12[a]	18[a]	12[a]	24	23	22-23
Hungary	23	22	25	23	26	24	23-25
Poland	21	23	24	23	27	28	28-30
Rumania	18	18	20	25	29	30	30-32
USSR	27	25	27	26	27	29	25

[a] "Productive accumulation" only.

SOURCES: GUS (Central Statistical Office), *Rozwoj gospodarczy krajow RWPG 1950-1968* (Economic Development of the CMEA Countries 1950-1968), Warsaw, 1969, p. 62; B. Zielinska, "The Five Year Plans of the CMEA Countries 1971-75," *Gospodarka planowa* (Warsaw), No. 9, 1971, p. 527; "CMEA: Economic Development in the Years 1971-75," *Zycie gospodarcze* (Warsaw), No. 23, 1972, p. 9.

capacity, including the necessity to effect considerable structural changes within the national economy. The changes consist of starting new lines of production, the expansion of the most effective production and restriction or complete elimination of inefficient lines of production which are based on obsolete technology or operate on an insufficient scale.[12]

Yet the countries of Eastern Europe faced a serious dilemma in attempting simultaneously to reform their economic system and to restructure the patterns of output of their industry. As Polish economist J. Kleer pointed out, these two changes make incompatible demands on the economies involved. On the one hand, the combined retooling of existing productive facilities and development of new leading sectors in order to increase the productivity of the economy and its competitiveness in foreign trade necessarily place heavy demands on investment. On the other hand, economic reforms—involving some decentralization of management, expanding the role of market forces in the allocation of resources, and relying increasingly on material incentives—require a certain "slack" in the economy. Reserves of foreign exchange, consumer goods, raw materials, and human resources needed for successful reform are incompatible with an investment drive, with its high degree of mobilization of resources and the attendant shortages and bottlenecks. Consequently, although there was some measure of economic reform in each of the Comecon countries in the second half of the 1960's, the degree of reform has tended to vary inversely to the scope of action to modify the structure of industrial production.[13]

With the exception of Hungary and (for a brief period) Czechoslovakia, the East European states eschewed major reforms in favor of a rapid restructuring of industrial production. In the absence of any significant increase in the role of market forces, this reconstruction was introduced "from above," *i.e.*, the central planners singled out certain branches of industry and certain products as "progressive" and likely to modernize the economy and find good export markets, and assigned them high priority in the allocation of resources. Thus, in the German Democratic Republic, the New Economic System was associated with "structural planning" aimed at developing "the most modern indus-

Table 4: Ratio of Increase in National Income to Gross "Productive Investment" in Previous Year[a]

	1950-55	1956-60	1961-65	1966-69
Bulgaria	0.62	0.61	0.29	0.24
Czechoslovakia	0.54	0.44	0.10	0.31
GDR [b]	0.78	0.37	0.17	0.24
Hungary	0.31	0.45	0.22	0.22
Poland	0.48	0.38	0.29	0.24
USSR	0.83	0.62	0.41	0.31

[a] Figures for national income and gross "productive investment" are in constant prices.

[b] Total Investment.

SOURCE: E. D. Lidwin-Piotrowska, "The Coefficient of Effectiveness of Investment in the CMEA Countries in the Years 1959-1969," *Problemy ekonomiczne* (Krakow), No. 3, 1971, p. 10.

[12] M. Guzek, *Miedzynarodowa integracja gospodarcza w socjalizmie* (International Economic Integration Under Socialism), Warsaw, PWE, 1971, p. 42.

[13] See the discussion in Kleer's article, "The Socialist Countries: Economic Change," *Polityka* (Warsaw), No. 12, 1967, pp. 1 and 9.

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tries," which, interestingly, remained highly centralized despite decentralization occurring in the rest of the economy. Likewise, the Fifth Congress of the Polish United Workers' Party (held in 1968) stressed "selective development," particularly of some 100 enterprises specializing in production for export.[14]

There is an implicit danger in this approach to restructuring an economy. Lacking a realistic mechanism for setting prices and determining costs, and operating with fictitious exchange rates and with foreign trade activities virtually isolated from the rest of the domestic economy, the central planners can have no assurance that the new structure will prove more efficient than its predecessor. An alternative approach to the problem has been tried—to a certain extent—in Hungary, where it has been recognized that the industrial structure should be created "from below" in response to existing demand and that "the starting point for actual development priorities should be found in the micro-structure and not in the macro-structure." [15]

While the individual CMEA countries were grappling with the problems of economic reform and the restructuring of industry, they were also pursuing a complementary effort to increase the degree of specialization and cooperation within the bloc.[16] In 1962, at a "Conference of Communist and Workers' Parties of the Socialist Countries," the CMEA states approved a set of "Basic Principles of the International Socialist Division of Labor," which were to set the main objectives and methods of economic cooperation among the member countries. This document envisaged an expansion in mutual trade based largely on coordination of the five-year economic plans of the member states, particularly the sections of such plans dealing with investment priorities.

To facilitate economic cooperation, Comecon also expanded its institutional structure. The 1962 conference created a Comecon Executive Committee, a Bureau on General Problems of Economic Plans, an Institute of Standardization, a Chartering Coordination Bureau, and a Central Administration of the Joint Power System, in addition to increasing the number of Comecon standing committees (dealing with such matters as statistics, scientific and technological research, and standardization). In 1963, a Joint Railway Rolling Stock System was also established.[17] In the same year, Comecon accepted the principles of multilateral clearing of trade ac-

[14] See "Improvements in the Structure and Organization of the National Economy in the Light of the Debate at the Party Congress," *Gospodarka planowa*, No. 1, 1969, pp. 1-6; and U. Plowiec, "Directions of Improvements in International Trade in the Light of the Theses for the Fifth Party Congress," *Handel zagraniczny*, No. 10, 1968, pp. 368-70.

[15] J. Bognar, "A Contemporary Approach to East-West Economic Relations," *The New Hungarian Quarterly* (Budapest), No. 34, 1969, p. 34.

[16] The need for such an approach was noted by S. Kuzinski in his *Czynniki wzrostu gospodarczego Polski Ludowej* (Factors of Economic Growth in People's Poland), Warsaw, KiW (Ksiazka i Wiedza), 1962, p. 178; see also, D. Fikus, *Rada Wzajemnej Pomocy Gospodarczej* (The Council of Mutual Economic Assistance), Warsaw, PWE, 1967, p. 19.

[17] L. Ciamaga, *Od wspolpracy do integracji* (From Cooperation to Integration), Warsaw, PWE, 1965, pp. 217-19; and CMEA Secretariat, *A Survey of Twenty Years of the Council for Mutual Economic Assistance*, Moscow, 1969, pp. 21-24.

Table 5: Average Annual Rates of Growth of Labor Productivity in Industry

(in percent)

	1950–55	1956–60	1961–65	1966–70	Plan 1971–75	Actual 1971	Plan 1972
Bulgaria	8.0	5.3	6.8	6.9	8.1	6.0	—
Czechoslovakia	7.1	7.2	3.5	5.3	5.4–5.7	6.5	4.5
GDR	8.0	7.7	5.6	6.5	6.2	4.5	5.0
Hungary	3.4	4.0	4.9	3.5	4.1–4.7	5.3	—
Poland	9.7	7.4	5.1	4.9	5.4	4.9	5.7
Romania	9.9	8.2	7.8	7.3	6.8–7.6	5.9	—
USSR	8.3	6.5	4.6	5.8	6.7	6.3	6.1

SOURCES: KSH (Central Statistical Office), *A magyar ipar nemzetkosi osszehasonlitnsban* (Hungarian Industry in International Comparisons), Budapest, 1967, p. 36; M. Golebiowski and B. Zielinska, "Economic Development of Socialist and Capitalist Countries in 1969 and Projects for 1970," *Gospodarka planowa*, No. 4, 1960, p. 7, and "Economic Development of Socialist and Capitalist Countries in 1971 and Plans and Forecasts for 1972," *ibid.*, No. 5, 1972, p. 262.

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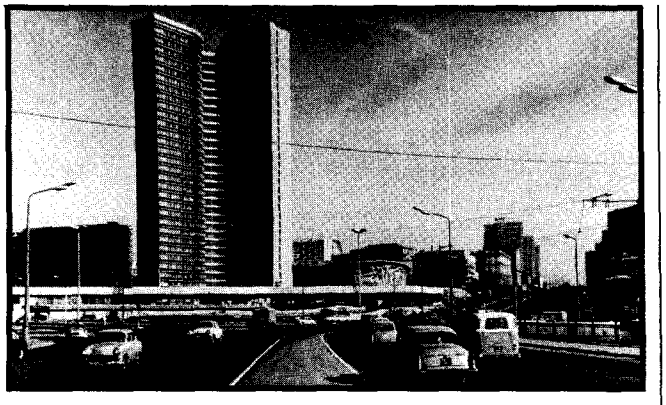
counts within the bloc on the basis of a so-called "transfer ruble," and in 1964 it established an International Bank for Economic Cooperation to handle such transactions.

Trailing Trade Growth

However, the extension of the activities of the Council failed to generate any dramatic increase in the role of international trade in the process of economic growth in the member countries. In the years 1964–69, the average annual rate of growth of exports was lower than the 1958–63 rate in all the East European countries except the German Democratic Republic.[18] An East European economist documented the unsatisfactory growth of exports during the late 1960's by comparing the share of Comecon's exports in total world exports to the share of its industrial production in total world industrial production. The ratio of the two declined from 0.37 in 1950 to 0.35 in 1968 and 0.33 in 1970 for Comecon as a whole; and from 0.81 to 0.72 and 0.71 in the same years for Comecon exclusive of the USSR. The ratios for individual countries in 1970 are also illuminating: Bulgaria, 1.00; Czechoslovakia, 0.75; the GDR, 0.63; Hungary, 1.33; Poland, 0.55; and Romania, 0.60. These ratios contrast to 1.23 for all developed non-socialist countries and 2.18 for members of the European Economic Community (Common Market).[19] In the period 1965–70, only Poland—of the CMEA states—was able to increase its share in total world imports and exports, and that increase was from a very low level. Comecon's share in exports dropped from 10.6 to 10.2 percent; and in imports, from 10.0 to 9.5 percent.[20]

Most significant in terms of Comecon's announced goal of increasing cooperation among the CMEA states was the actual decline in the share of intra-bloc trade in total trade of the member states (from 63.09 percent in 1965 to 60.69 percent in 1970). Only in Bulgaria and Poland did the share of dealings with fellow CMEA states in the individual country's total foreign trade increase during this period.[21]



Headquarters of the Council for Mutual Economic Assistance, Kalinin Prospect, Moscow.

Photo by M. Redkin, from TASS via Sovfoto.

The failure of Comecon trade exchanges to grow as planned spurred a second great debate on the future of the organization during 1968–71, culminating in the adoption of the Comprehensive Program with its ambitious integrative targets. Clearly the 1962 "Basic Principles" and institutional measures had been insufficient to create a satisfactory division of labor among the CMEA countries.[22] Cooperation was blocked by a number of "barriers": *e.g.*, administrative protectionism, failure to develop direct links between economic units located in different countries, the practice of basing trade on rigid quotas, the persistence of bilateralism in trade arrangements and the clearing of international accounts, the lack of a true international currency within Comecon, unrealistic exchange rates, distorted domestic prices and their separation from world prices, and a lack of mobility of capital and labor.[23] These barriers, moreover, were grounded in the reality of the East European economies, particularly in the difficulties encountered in the quest for so-called "intensive" economic growth and in

[18] This data was derived from the statistical yearbooks of the respective countries.

[19] See J. Soldaczuk, "The Role of Foreign Trade in the Growth of the National Economy," *Handel zagraniczny*, No. 12, 1971, pp. 423-28.

[20] GUS (Central Statistical Office), *Rocznik statystyczny handlu zagranicznego 1968* (Statistical Yearbook of Foreign Trade—1968), Warsaw, [1968], pp. 82-83; *Rocznik statystyczny handlu zagranicznego 1971* (Statistical Yearbook of Foreign Trade—1971), Warsaw, [1971], pp. 92-93; and GUS, *Rocznik statystyczny 1971* (1971 Statistical Yearbook), Warsaw, [1971], p. 719.

[21] See CMEA Secretariat, *A Survey of 20 Years . . .*, pp. 89-90; and GUS, *Rocznik handlu zagranicznego 1971*, pp. 101-03.

[22] See, *e.g.*, *Problemy ekonomicheskoi integratsii stran-chlenov SEV* (Problems of the Economic Integration of the Member Countries of CMEA), Moscow, Ekonomika, 1970; and *Integracja ekonomiczna krajow socjalistycznych* (Economic Integration of Socialist Countries), Warsaw, KiW, 1970.

[23] See T. Kiss, "Integration of CMEA Countries' National Markets," *Acta Oeconomica* (Budapest), No. 3, 1970, pp. 210-11; and J. M. Montias, "Obstacles to the Economic Integration of Eastern Europe," *Studies in Comparative Communism* (Los Angeles), No. 3/4, 1969, pp. 38-60.

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the deep-rooted penchant for autarky. Let us examine these factors before turning to the Comprehensive Program itself.

Referring to Tables 1–5 presented earlier, one can get a clear picture of the achievements and failings of the 1966–70 economic plans in Eastern Europe. Every country was able to accelerate its rate of growth during this period except Poland (which maintained its 1961–65 pace) and Romania (which slowed to a still impressive 7.6-percent average annual growth rate). However, everywhere growth continued to be associated with heavy increases in investment—in fact investment grew faster than planned in all countries except Bulgaria and Romania. The share of accumulation in national income reached new highs in 1967 in all the East European countries and continued to grow thereafter in Czechoslovakia, Poland, Romania, and the USSR. The efficiency of capital improved only in Czechoslovakia and the GDR—two countries which had shown exceptionally low levels of efficiency during 1961–65—and despite heavy investment outlays, the targeted average rates of growth of labor productivity were realized only in Czechoslovakia, Poland and Romania.

From this evidence, it is clear that economic growth in Eastern Europe during the second half of the 1960's continued to be of the "extensive" rather than of the desired "intensive" variety. Consequently, the need to modernize and restructure the respective economies remained urgent. Furthermore, in attempting to restructure their industrial production, the countries tended to turn *en masse* to the manufacture of the same new commodities, viewed as "progressive"—*e.g.*, automobiles, trucks, tractors, metal-working machines, textile machines, equipment for the chemical industry and power generation, and railway engines. Little attention was paid to specialization and coordination in these areas. As noted by two observers,

> *. . . independent decisions of individual CMEA countries as to the starting of new production leads to uneconomic dispersion of resources and increasing* disintegration. . . .[24]

In light of this continued autarkic tendency, specialization within Comecon made slow progress. Comecon directives concerning mutual supplying of specialized products covered at most 30 percent and as little as 2 percent of total imports of various groups of machinery and equipment. Furthermore, in the absence of any sanctions, the rate of nonfulfillment of specialization tasks was very high. For example, Poland exported 22 out of 29 items subject to the directives in 1963; 24 out of 40 in 1964; 15 out of 34 in 1966; 48 out of 68 in 1967; and none out of 79 in 1969.[25] (This reflected a combination of neglect by the exporters or their inability to meet obligations because of dispersion of resources to other sectors of the given economy and of changes in demand on the part of importing countries because of delays in plant implementation or rejection of goods because of late delivery or low quality.)

Centripetal Forces

There were, however, important economic forces pushing toward integration within Comecon, including the need to overcome the technological gap between CMEA states and the advanced non-socialist countries, the machinery bias in industrial output and the resulting export priorities, and the need to solve major problems concerning the supply of fuels and raw materials.

Eastern Europe apparently became fully aware of its technological backwardness relative to the West only in the late 1960's. As the CMEA states groped for means to overcome this handicap, they discovered that self-sufficiency would no longer work.[26] No individual country could hope to incorporate the most recent technology into its production processes on a wide front through its own efforts. The purchase of advanced machinery or of licenses from the West was one possible solution, but there was precious little foreign exchange available to permit such an approach. Consequently, there was a need for the socialist economies to participate in international exchange of scientific and technological knowledge, at least within Comecon,[27] if not on a broader, worldwide scale.

[24] Gora and Knyziak, *op. cit.*, p. 54 (emphasis added).

[25] *Ibid.*, p. 55.

[26] See, *e.g.*, I. Medvedkov, "The Scientific-Technical Revolution and Economic Collaboration Among the Socialist Countries," *Mirovaia ekonomika i mezhdunarodnye otnosheniia* (Moscow), No. 12, 1969, English tr. in *Problems of Economics* (New York), No. 3, 1970, pp. 34-52; and L. Zacher, "External Aspects of the Policy of Structural Changes in the Economy," *Gospodarka planowa*, No. 12, 1969, pp. 20-24.

[27] J. Kleer, *Wzrost intensywny w krajach socjalistyczynch* (Intensive Growth in the Socialist Countries), Warsaw, CRZZ, 1972, pp. 9-58.

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Another compulsion which has ultimately led toward integration within Comecon has been what Professor Peter Wiles terms structural "snobbery" in East European foreign trade—that is, a predilection to limit the import of consumer goods and the export of raw materials while emphasizing the expansion of both imports and exports of machines and equipment.[28] This perspective was an outgrowth of the switch from stressing basic heavy industries to a very rapid expansion of machine-building industries. Unfortunately, with the exception of the USSR, the countries of Eastern Europe have insufficient domestic markets for such products and must therefore find export markets or produce at a suboptimum scale.

Indeed, the share of machines and equipment in the total exports of all CMEA countries has increased rapidly (see Table 6), and this level is considerably higher than the share of such items in exports of non-socialist economies with similar levels of development. (This comparison excludes the USSR, which —as noted above—has a sufficient internal market for its own output.) The share of other industrial products in CMEA exports is lower than the corresponding figure for all developed non-socialist economies except Denmark—and then only the GDR and Hungary exceed Denmark's low level of 20.3 percent.[29]

The CMEA countries, however, have experienced serious difficulties in attempting to export their ma-

[28] P. J. D. Wiles, *Communist International Economics*, New York, Praeger, 1968, pp. 19 and 185.

[29] GUS, *Rocznik statystyczny handlu zagranicznego 1971*, pp. 95-98.

Table 6: Comecon Trade in Machines and Equipment

(in percent)

A. Share of Machines and Equipment in Total Exports and Imports

	Exports					Imports				
	1950	1955	1960	1965	1970	1950	1955	1960	1965	1970
Bulgaria	0.0	2.6	13.6	24.8	28.1	37.2	51.4	43.2	43.7	40.1
Czechoslovakia	26.4	43.5	45.1	48.5	50.2	11.2	13.3	21.7	29.9	33.4
GDR	28.0	55.7	48.2	48.9	49.9	5.5	3.4	12.6	17.9	32.8
Hungary	23.0	29.8	38.0	32.7	32.4	22.0	12.3	28.3	28.7	31.0
Poland	7.8	13.1	28.0	34.4	38.5	32.4	30.9	27.1	32.8	36.4
Romania	4.2	6.1	16.6	18.6	21.7[a]	37.1	37.2	32.5	38.9	44.3
USSR	11.8	17.5	20.5	20.0	21.5	21.5	30.2	29.8	33.4	35.0

B. Directions of Total Exports and Imports in 1967

	Exports				Imports			
	CMEA	Other Socialist Countries	Advanced Non-Socialist Countries	Other Non-Socialist Countries	CMEA	Other Socialist Countries	Advanced Non-Socialist Countries	Other Non-Socialist Countries
Bulgaria	91.6	3.8	1.1	3.5	79.8	0.4	19.6	0.2
Czechoslovakia	76.7	6.4	5.6	11.3	77.6	2.4	19.8	0.2
GDR	81.6	7.1	5.9	5.4	72.6	2.4	24.9	0.1
Hungary	88.0	5.1	2.1	4.8	75.3	2.7	21.9	0.1
Poland	81.0	7.5	3.2	8.3	75.2	2.3	22.4	0.1
Romania	66.1	18.5	2.6	12.8	40.1	0.9	58.9	0.1
USSR	59.0	16.6	2.8	21.6	74.5	2.5	23.0	0.0

[a] In 1969.

SOURCES: GUS, *Rocznik statystyczny handlu zagranicznego 1971* (Statistical Yearbook of Foreign Trade 1971), Warsaw, [1971], pp. 95-96; J. Soldaczuk, Ed., *Handel zagraniczny a wzrost krajow RWPG* (Foreign Trade and Economic Growth of the CMEA Countries), Warsaw, PWE, 1969, p. 205; and J. Kleer, *Wzrost intensywny v krajach socjalistycznych* (Intensive Growth in the Socialist Countries), Warsaw, CRZZ, 1972, pp. 173, 177, 179.

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chines and equipment to markets outside of Comecon, particularly to the advanced non-socialist countries (see Table 6). The quality and level of technological sophistication of products have proven to be low, and even the products of some brand-new factories have proven obsolete as soon as production commenced.[30] This may happen even when production is based on licenses or produced on machines purchased from the West, because of inordinate delays in the completion of investment projects. Ineffective marketing, shortages of spare parts, inadequate packaging and servicing, as well as the creation of various tariff barriers of discrimination against CMEA products, aggravate the situation.[31]

Consequently, during the 1960's, trade with the West in these categories never attained as much as 10 percent of the total export of this group of commodities by any CMEA country. Comecon has been somewhat more successful in marketing its machines and equipment in the less developed non-socialist countries. However, expansion of trade in this sector requires the ability to offer credit, and the markets are scattered geographically and difficult to service.

As a consequence, a very high proportion of the CMEA countries' exports of machinery and equipment is traded within Comecon, and this commodity class accounts for high proportions of total exports to other CMEA states except in the cases of the USSR, Romania and Bulgaria (see Tables 6 and 7). Yet, in the second half of the 1960's, it became increasingly more difficult for these countries to export such products even to their CMEA partners, because there was a strong preference for obtaining technologically superior machines from the West. (This interest in Western machinery was partly based on the belief that the relatively inefficient and obsolete machinery used in CMEA countries was an important factor in deceleration of growth throughout the region.[32]) Imports of machines from Western

Table 7: Share of Machines and Equipment in Intrabloc CMEA Exports

(in percent)

	1957	1965	1971
Bulgaria	8.8	29.9	36.8
Czechoslovakia	42.4	56.3	60.8
GDR	48.6	58.6	60.7
Hungary	45.8	42.8	46.8
Poland	28.6	48.6	52.4
Romania	11.0	24.5	31.9
USSR	8.6	18.0	23.8

SOURCE: *Zycie gospodarcze* (Warsaw), No. 15, 1972, p. 11.

sources were growing at an annual rate of 15 percent, contrasted to an 11-percent rate for imports from other socialist countries. Intra-bloc trade in machinery in the 1960's grew at almost the same rate as in 1956–60—a situation interpreted by some as a sign of "saturation" in this trade.[33]

Such a situation is especially serious, because it involves precisely the products of newly-established or newly-modernized industries which have consistently received high priority in the allocation of managerial skills, manpower, and investment funds. In light of the limited possibilities of increasing exports of this commodity group to non-socialist countries, the CMEA market remains the most important outlet; yet expansion in this direction cannot take place unless that market is reorganized and unless the products are improved and made comparable to those available from other sources.

Primus inter Partners

In this connection, the Soviet market is of decisive significance. In the years 1966–70, the USSR purchased about half the total exports of machines and equipment of the other CMEA countries. This included 85 percent of ships, boats and marine equipment; 60 percent of railway equipment; 60 percent of equipment for the chemical and food industries; and over 50 percent of machinery for light industries (textiles, leather goods, etc.). As one East European expressed it, this means that

[30] See R. Wilczewski, *Srodki trwale w powojennym przemysla polskim* (Fixed Aspects in Postwar Polish Industry), Warsaw, PWE, 1971, p. 78; and A. Bodnar, *Problemy polityki gospodarczej PRL* (Problems of the Economic Policy of the People's Republic of Poland), Warsaw, KiW, 1969, p. 175.

[31] See S. Albinowski, *Handel miedzy krajami o roznych ustrojach* (Trade Between Countries with Different Systems), Warsaw, KiW, 1968, pp. 165-66; and E. B. Ruminska, "Current Problems in East-West Trade," *Zycie gospodarcze*, No. 30, 1972, p. 14.

[32] This was noted by A. Karpinski in his *Polityka uprzemyslowienia Polski w latach 1958-1968* (The Policy of Industrialization of Poland in the Years 1958-68), Warsaw, PWE, 1969, pp. 105, 394, 400.

[33] See, for example, S. Polaczek, *Integracja gospodarcza krajow socjalistycznych a handel zagraniczny Polski* (Economic Integration of the Socialist Countries and Poland's International Trade), Warsaw, PWE, 1971, p. 78.

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. . . to a considerable extent, the structure of the Soviet Union's demand for machines and equipment determines the directions of specialization of the CMEA countries.[34]

Furthermore, Soviet imports of machines and equipment from other CMEA countries is expected to increase from the 12 billion rubles imported in 1966–70 to over 18 billion rubles during 1971–75.[35]

Thus, in attempting to utilize their industrial potential, the other countries of Comecon must adjust production to the needs of their largest customer, even when—it is alleged—the profitability of this trade is not high.[36] From Moscow's viewpoint, moreover, it is essential that the machinery imported from its East European partners be of the right types, of high quality, and of the most advanced technological design, if it is to contribute to the "intensive" growth of the Soviet economy. Under such circumstances one can understand the interest in far-reaching integration of East European and Soviet industries—both to solve the problems encountered by exporters of machinery and equipment and to satisfy the standards set by the users of such goods within the bloc.

Equally important for the economies of Comecon is the question of fuel and raw material supply. These economies have continued their emphasis on heavy industry—particularly on the production of steel, which requires large inputs of fuel and raw materials—in the face of inadequate local supplies of these commodities; and despite heavy investments to develop domestic raw material bases, the East European states have experienced sharply rising deficits in these commodities, particularly since the beginning of the 1960's.[37] Moreover, the serious imbalance between demand and supply in this sector has been aggravated by a continued "leakage" of raw materials from Comecon trade to other countries outside the bloc. The extent of this leakage can be gauged by examining the destination of increases in exports of Comecon countries in the years 1955–67. For foodstuffs, 59.7 percent of increases in exports were directed outside the bloc; for fuels and minerals, 50.8 percent; and for other raw materials, 71.3 percent. If one looks—for purposes of comparison—at the trends in exports for the same categories of goods by Commart countries for the same time frame, it turns out that the corresponding figures for shares of increases in exports of these three categories of raw materials which were directed outside of the EEC were 29.5, 34.2 and 32.2 percent, respectively.[38]

The tendency of Comecon countries to export raw materials outside of the bloc is caused, in part, by balance-of-payments difficulties experienced by CMEA countries in their attempts to purchase specialized machinery from the West for new investment projects. Having lost traditional consumer-goods markets during the industrialization drive and experiencing difficulties in marketing the output of newly-established industries, the East European countries can earn essential "hard currencies" only by exporting raw materials and foodstuffs—what Professor J. M. Montias has termed "hard goods" [39] —to the advanced non-socialist countries. Export of fuels and raw materials to countries outside of Comecon has also been fostered by the practice of using world prices for transactions in these commodities within the bloc. These prices do not reflect the relative degree of scarcity of raw materials which exists within the bloc and therefore cannot make the Comecon market more attractive than other markets.[40]

On the other side of the coin, the CMEA countries rely on sources within the bloc for between 54 and 72 percent of total national imports of raw materials and fuels. Here, as in the trade in machinery, the role of the Soviet Union is decisive. It supplied 41 percent of total intrabloc imports of this group of commodities in 1955, 56 percent in 1965, and above 60 percent in 1970; and it has agreed to increase considerably its annual exports of some basic fuels and raw materials to other CMEA countries during 1971–75: *i.e.*, oil from 138 million tons in 1970 to

[34] Kleer, *Wzrost intensywny . . .*, p. 189.

[35] I. Oleynik, "The USSR in the System of Cooperation of the Socialist Countries," *Zycie gospodarcze*, No. 3, 1972, p. 11.

[36] In the absence of realistic prices, exchange rates and methods of cost calculation, it is almost impossible to judge when exports are profitable. See Z. Kamecki, "Directions of the Development of Economic Integration of the CMEA Countries," in *Integracja ekonomiczna* (fn. 22 *supra*), p. 64.

[37] Polaczek, *op. cit.*, pp. 130.

[38] *Ibid.*, p. 134.

[39] See his *Economic Development in Communist Rumania*, Cambridge, Mass., MIT Press, 1967, and "Socialist Industrialization and Trade in Machinery Products: An Analysis Based on the Experience of Bulgaria, Poland and Rumania," in A. A. Brown and E. Neuberger, Eds., *International Trade and Central Planning*, Berkeley, University of California Press, 1968, pp. 130-59.

[40] See O. I. Tarnovski, "International Trade Prices and the Tasks of Socialist Economic Integration," *Gospodarka planowa*, No. 8, 1972, pp. 496-500. An analysis of the foreign trade prices of the CMEA countries can be found in P. Marer, *Postwar Pricing and Price Patterns in Socialist Foreign Trade (1946-1971)*, Bloomington, Indiana University Press, 1972.

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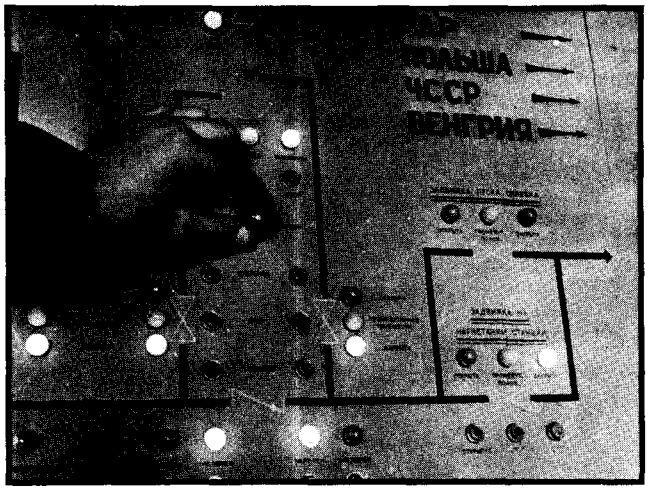

Remote-control panel of the Druzhba Oil Pipeline at Kuibyshev on the Volga River. The arrows indicate flow of Soviet oil to the GDR, Poland, Czechoslovakia, and Hungary.

—Photo by N. Granovsky, from TASS via Sovfoto.

243 million in 1975, natural gas from 8 to 33 million cubic meters, electric power from 14 to 42 billion kwh, and iron ore from 72 million to 94 million tons.[41] It is on the basis of these figures that the five-year plans of the recipient countries for 1971–75 have been built.

Despite the enormous Soviet potential in this field, maintenance of an adequate and continuing supply of raw materials and fuels from the USSR to the other CMEA countries is regarded by Soviet and East European economists alike as a very difficult problem, and a considerable deficit is expected to appear in the CMEA countries other than the Soviet Union by 1980.[42]

Part of the problem lies in the costliness of the Soviet extractive industries. Already at the time when the five-year plans were coordinated for 1966–70, Soviet economists pointed out that the average capital-intensity of the basic raw materials and fuels exported to other CMEA countries by the USSR was from 3 to 3.5 times higher than that for the machinery supplied to the USSR by those countries in exchange.[43] Moreover, the gestation period for investment in extractive operations in the USSR is long (10–12 years); worsening conditions of exploitation and unfavorable contract prices have decreased the "effectiveness" (profitability) of fuel exports; and it is increasingly difficult to meet export needs from resources in European Russia, while exploitation of deposits in Siberia and the Far East requires larger outlays of capital and of manpower. Consequently, the USSR is seeking to foster increased integration in the fuel and power industries of Comecon,[44] to be accomplished principally through investment in these Soviet industries by other CMEA countries. Indeed, the Comprehensive Program of 1971 envisaged a large number of such mutually-financed projects to produce fuel and raw materials, most of them to be located in the USSR and Mongolia. The investors are to be repaid with the raw materials produced.

In light of all the factors examined above, it was recognized by the outset of the 1970's that the degree of cooperation within Comecon was not commensurate with either the needs or the potentialities of the CMEA countries.[45] Soviet leader Leonid Brezhnev highlighted this view in his speech to the 24th Congress of the Communist Party of the Soviet Union:

> [*The*] *possibilities of the socialist location of economic activity and division of labor are not yet fully utilized. . . . It is necessary to deepen specialization and cooperation in production, to establish closer links among national economic plans, in short, to advance along the road of* economic integration *of the socialist states.*[46]

While discussion favoring integration tended to stress the economic factors (presented as "the outcome of objective development tendencies"[47]), there also were various political factors militating both for and against such a course. Advocates of integration saw it as a means of forging closer rela-

[41] L. Skibinski, "The CMEA Countries in 1971-75," *Zycie gospodarcze*, No. 33, 1971, p. 10.

[42] See A. Bodnar, *Polska-ZSRR: Wspolpraca gospodarcza* (Poland-USSR: Economic Cooperation), Warsaw, KiW, 1967, p. 85; O. Bogomolov, "Current Problems of Economic Cooperation of the Socialist Countries," *Mirovaia ekonomika i mezhdunarodnye otnosheniia*, No. 5, 1966, pp. 15-27; O. I. Tarnovski, *loc. cit.*, pp. 496-98; and L. Ciamaga, "From Coordination to Integration," in *Integracja ekonomiczna* . . ., p. 40.

[43] Bodnar, *Polska-ZSSR* . . ., p. 86.

[44] See, *e.g.*, A. Alekseev and J. Savenko, "Economic Integration of the Expansion of Fuel and Power Industries of the CMEA Countries," *Voprosy ekonomiki* (Moscow), No. 12, 1971, pp. 47-56.

[45] Guzek, *op. cit.*, p. 35; P. Bozyk and J. Soldaczuk, "International Economic Agreements of the CMEA Countries," in *Integracja ekonomiczna* . . ., p. 147.

[46] *Pravda* (Moscow), March 31, 1971.

[47] M. Deniszczuk, "International Division of Labor and Economic Integration of the CMEA Countries," *Handel zagraniczny*, No. 7, 1971, p. 214.

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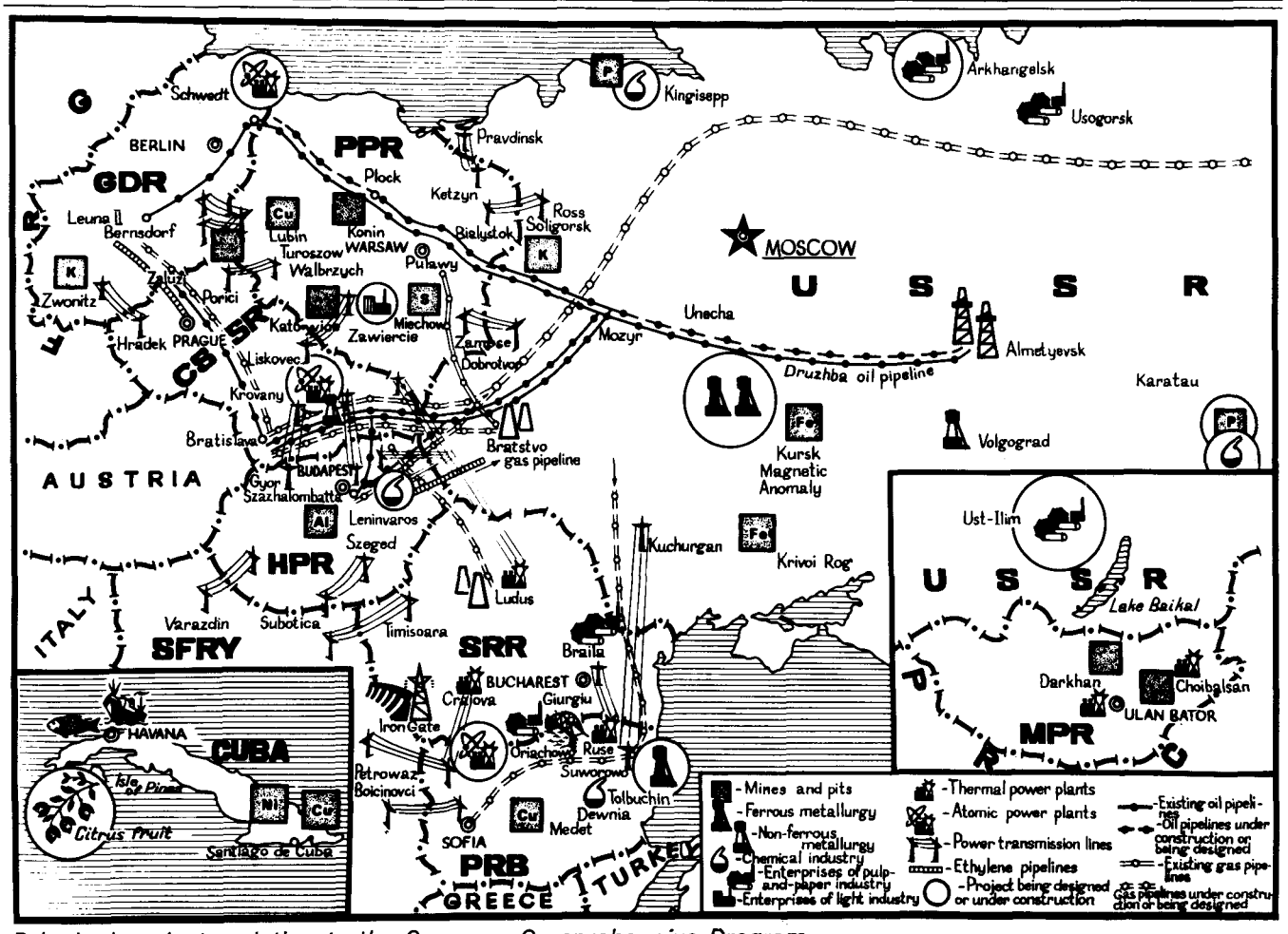

Principal projects relating to the Comecon Comprehensive Program.

—Released by Novosti in January 1973, via Sovfoto.

tions among the socialist states and strengthening them against the alleged divisive policies of capitalist countries aimed at "softening socialism" in Eastern Europe.[48]

Member Misgivings

However, the national interests and aspirations of individual member states loomed as a potential obstacle to comprehensive integration. In the early 1960's, Romania was the most vociferous in defending member-state sovereignty against Khrushchev's proposal to make CMEA supranational.[49] Such concerns are very real, particularly in light of the dominating political, military and economic power of the Soviet partner and the very high degree of economic dependence of the other partners on the USSR as a supplier of raw materials and as a market.

The less developed CMEA states, again Romania in particular, feared that closer integration within Comecon would benefit the most developed countries while petrifying the less developed economies at their present level of industrialization—fears similar to those which had earlier defeated efforts to develop interbranch international division of labor involving the division of countries into suppliers of foodstuffs and raw materials, on the one hand, and

[48] See, for example, J. Soldaczuk, *Handel miedzynarodowy a rozwoj gospodarczy w socjalizmie* (International Trade and Economic Development under Socialism), Warsaw, PWN (Panstwowe Wydawnictwo Naukowe), 1970, p. 130; also P. Alampiev and G. Sorokin, "Internationalization of Economic Activity and Socialist Integration," in *Problemy ekonomicheskoi integratsii* . . ., p. 5.

[49] For a discussion of diverging interests with CMEA in the years 1961-66, see M. Kaser, *Comecon: Integration Problems of the Planned Economies*, 2nd ed., London, Oxford University Press, 1967, pp. 92-129.

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those specializing in industrial production, on the other. It was only after obtaining various concessions and guarantees on this issue that Romania signed a joint document expressing the need for integration at the 23rd CMEA Session in April 1969.[50]

The more advanced countries of the bloc also had their fears. Czechoslovakia did not want excessive integration to hinder its growing trade with Western markets—its main source of advanced technology and a highly useful medium for "verifying" the technological standards and quality of Czechoslovak exports.[51] For its part, the GDR wished to safeguard its special relations with the Federal Republic of Germany—a member of the EEC. To satisfy these reservations, it was agreed at the 23rd CMEA session that integration should not hamper the development of member states' economic relations with the rest of the world.[52]

The Comprehensive Program

The "Comprehensive Program" finally adopted at the 25th session of the Council for Mutual Economic Assistance at Bucharest in July 1971 reflected the various compromises hammered out on these complex issues over a period of several years. The Program stated:

. . . further intensification and improvement and the development of the socialist economic integration of CMEA member nations will be carried out in accordance with the principles of socialist internationalism and on the basis of respect for national sovereignty, independence, and national interests, of nonintervention in the internal affairs of nations, and of total equality, mutual advantage, and comradely reciprocal aid.

It further noted that:

. . . socialist economic integration is carried out on an entirely voluntary basis and is not accompanied by the creation of supranational organs, nor does it affect matters pertaining to internal planning or the financial and cost-calculating activities of organizations.[53]

In other words, each country decides whether to participate in a given integration project on the basis of calculations of the benefits of the project to its own economy and of the profits which participating production and trade organizations would gain.

Furthermore, one whole section of the Program was devoted to provisions for eliminating differences in levels of development between member countries —a task specified as one of the objectives of integration. Less developed members would be allowed to select certain new lines of production for specialization in order to spur individual growth as long as the products were of sufficiently high quality and technological sophistication. More advanced members were to extend assistance in this regard, as well as to help less advanced members participate fully in research and development activities.[54] To coordinate efforts in this latter area, the July 1971 session of Comecon created a Committee for Scientific and Technical Cooperation to direct the establishment of various joint research institutes, the allocation of tasks among national institutes, the exchange of scientific personnel and of research findings, and the joint production of scientific instruments and equipment.

Since the Comprehensive Program created no supranational planning authorities, other measures had to be devised to coordinate efforts toward cooperation and integration. The Bucharest session created a Committee for Cooperation in Planning to promote closer coordination of national five-year and long-term economic plans and exchanges of information on economic policies and planning experience. With regard to national five-year plans, preliminary joint discussions are to be held concerning ways of coordinating economic activities within the bloc, and decisions reached are to be formalized in bilateral or, where feasible, in multilateral agreements prior to formal adoption of the plans by the respective state authorities—a procedure designed to guarantee full incorporation of such coordinating decisions into the individual national plans.

The most important concrete tasks of the new Committee for Cooperation in Planning appear to be (1) to solve "in a comprehensive manner" problems such as the assurance of adequate supplies of raw materials and power throughout the bloc, in-

[50] Soldaczuk, *Handel miedzynarodowy . . .*, pp. 137-38.

[51] Z. Sedivy, "On the Concept of International Economic Cooperation, *Planovane hospodarstvi* (Prague), No. 7, 1968.

[52] Soldaczuk, *Handel miedzynarodowy . . .*, p. 140.

[53] For the full text of the Program, see *Ekonomicheskaia gazeta* (Moscow), No. 33, August 1971. An English translation appeared in *Soviet and Eastern European Foreign Trade* (White Plains, New York), Fall-Winter 1971-72, pp. 187-305.

[54] *Ibid.*, p. 196.

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troduction of the most advanced technological processes in the manufacture of new machines and equipment, and expansion of the transportation system within Comecon; (2) to prepare proposals for international cooperation in the construction of important investment projects; and (3) to further joint planning among interested members for individual branches of industry and types of production.[55] Such joint planning will encompass all stages, including forecasting of demand, preparatory activities, the production process, and the distribution of output among various markets over an agreed period of time. The stress will be on specialization in the production of parts rather than finished products. There will be very close direct links among cooperating units with a system of severe penalties for nonfulfillment of contracts.

In addition to introducing some mobility of capital within the bloc through joint investment by exporting and importing countries in the development of natural resources, the Program also introduced an element of labor mobility. Building on the experience of joint Czechoslovak-Polish construction work and of the use of Bulgarian workers to help exploit forest resources in Northern Russia to produce timber for both the USSR and Bulgaria, the Program provides that construction companies fulfilling a contract in another country may be asked to provide line workers in addition to technical personnel. In this manner Poland, with a surplus of labor, may be of assistance to the GDR and Czechoslovakia, which have labor shortages. In addition, movement of labor-intensive industries across international frontiers to regions with surplus labor is expected to result from coordination of plans and from specialization agreements.

Intra-Comecon trade will continue to be based on multiyear commercial agreements with annual joint decisions concerning implementation, but these agreements are supposed to be more closely connected with the five-year plans. In order to increase flexibility in trade, there will be three types of exchange. Trade in the most important raw materials, fuels, machines and equipment, and even some foodstuffs and manufactured consumer goods, will be governed by rigidly-defined quotas specifying quantities, delivery dates, and other matters. For a second group, composed of less essential commodities, the only quota established will be a figure for the total value of goods exchanged. A third group will not be subject to any quota and will not have to be bilaterally balanced. In order to facilitate integration, a new ruble—freely convertible within the bloc—is to be introduced, and the rates of exchange of all CMEA currencies are to be revised to make them more reflective of economic realities. A CMEA Investment Bank has been established to facilitate long-term investments, and the International Bank of Economic Cooperation will be reorganized in order to stimulate credit transactions and multilateral clearing.

[55] "CMEA: Socialist Integration," *Zycie gospodarcze*, No. 26, 1972, p. 7.

Inching toward Integration

What concrete results does Comecon expect from these measures, and how likely are they to materialize? During the 1971–75 plan periods in each of the Comecon countries, international trade—and particularly intrabloc trade—is expected to play an important part in national growth and the shift to "intensive" patterns of development.[56] Every East European member of Comecon (excluding the USSR), anticipates that international trade will grow more rapidly than national income (even though in all countries the rate of growth is to be more moderate than in 1966–70, in keeping with more modest targets for growth of investment and of national income). More significantly, trade with socialist countries is generally expected to grow more rapidly than total trade during 1971–75, in contrast to the pattern witnessed in 1966–70 (see Table 8). One may assume that the major part of this "intersocialist" trade will take place among Comecon member states.

But while trade within Comecon will doubtless increase during the current five-year period, one cannot predict with any certainty to what extent it will be along the multilateral lines envisaged in the Comprehensive Program and to what extent it will flow through traditional bilateral channels. Nor can one foresee just how extensively the Comprehensive Program's integrative measures will be implemented. Nevertheless, one can anticipate the development of closer integration within Comecon in some

[56] The linkage between growth strategy and trade was discussed by the author in greater detail in "The Soviet Union and Eastern Europe: Development and Trade in 1971-75," a paper presented at the Conference on "Canada and Eastern Europe" held at Carleton University, Ottawa, in March 1972. A French-language version is to appear in *Revue de l'Est* (Paris).

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Table 8: Growth of Comecon Foreign Trade: 1966–70 Results and Plans for 1971–75

(in percent)

	Total Trade		Trade with Socialist Countries	
	1966-70	1971-75	1966-70	1971-75
Bulgaria	70	60-65	62	84
Czechoslovakia	40	36-38	34	43-45
GDR	60	n.a.	55	75
Hungary	50	40-50	52	75
Poland	55	46-57	60	50
Romania	75	70	n.a.	n.a.
USSR	52	33-35	43	50

SOURCE: Statistical yearbooks of the above countries, and B. Zielinska, "The Five-Year Plans of the Countries of the Council of Mutual Economic Assistance for 1971-75," *Gospodarka planowa* (Warsaw), No. 9, 1971, p. 526.

fields, particularly fuel extraction, power generation, metallurgy, and the engineering and chemical industries. Most industrial organizations in these categories are likely to be bloc-wide units rather than smaller regional units. Although the recent opening of the frontier between Poland and the GDR and the formation of various specialization agreements between two or three of the smaller CMEA states does raise the possibility of a regional type of development, one suspects that the USSR would not allow this tendency to become widespread.

If the plans for creating numerous Comecon-wide integrated industries materialize, there will be little need to establish any supranational Comecon planning authorities. All essential decisions in major industrial sectors would then be made within the corresponding integrated industries and be incorporated in the national plans of the member states through the process of preliminary coordination described above. This would not, however, indicate the absence of a broader coordination; for this function would, in effect, be performed by the State Planning Commission of the Soviet Union, which will effectively control these industries through its own decisions to purchase industrial output and to provide essential raw material inputs.

The integration envisaged in the Comprehensive Program is thus quite different from the integrated CMEA market which many East European economists had hoped might serve to increase the role of market forces and to permit decentralization of decision-making. To the contrary, one might expect the integrated industries to become more centralized—although the degree of centralization or decentralization will presumably be decided individually within each integrated industry.

Of course, it will take considerable time for the new Comecon machinery even to begin coping with the complex problems of such a gigantic venture. Moreover, the decision to do without supranational authorities, coupled with the existence of various provisions for safeguarding the autonomy of member states in economic planning and management and allowing them the right to decide whether or not to participate in particular integration measures, seems likely to place serious constraints on the Program. Such limitations may, indeed, perpetuate the gradualist approach of the past described by Professor Egon Neuberger as a "limited regret strategy."[57]

Nevertheless, one must not discount the possibility that Comecon will achieve a significant measure of integration, both economically and hence politically and militarily as well. This, indeed, appears to be the main objective of the Soviet Union even while it finds it necessary to expand its own economic relations with the advanced capitalist states in order to modernize its own industrial structure and introduce the intensive pattern of growth.

For their part, the East European members of Comecon—faced with the prospect of intensified economic pressures resulting from an enlarged Common Market—have very little choice but to go along with integration. They need larger markets in order to support efforts to modernize their industrial production, and they must readjust the structure of that production to take account of existing export possibilities. They also must secure for themselves essential supplies of raw materials, which—because of shortages of convertible currencies—they can only acquire from the USSR. They will certainly find it increasingly difficult to find any domestic surpluses of foodstuffs or raw materials to export to the advanced capitalist countries to finance imports of modern technology. Unless they can increase the number of specialization agreements with Western firms and expand exports of industrial goods to nonsocialist countries, their only alternative would appear to be integration within Comecon, and integration within Comecon means integration with the Soviet Union.

[57] "International Division of Labor in CMEA: Limited Regret Strategy," *American Economic Review* (Evanston, Ill.), May 1964, pp. 506-15.

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Dissent in a Complex Society: The Soviet Case

By Walter D. Connor

In the years since the fall of Khrushchev, two undertakings have claimed a good deal of the energies of students of Soviet politics and society. The first has been the attempt to elaborate new and more penetrating models of the Soviet system as the "fit" of the totalitarian model has grown looser and a relatively stable pattern of "collective leadership" has emerged. The second has involved an effort to understand and assess the significance of the growing and increasingly open political dissent in the USSR, which—through the medium of *samizdat*—has revealed to Western eyes a whole range of critical viewpoints taken by Soviet citizens toward their own society and government. These two undertakings, it seems, have come together relatively rarely. While the phenomenon of dissent is a matter of continuing and even growing interest to scholars and explanations of its rise are not wanting, there has generally been little in the way of attempts to integrate it into more generalized, analytical views or models of the socio-political system as a whole.

The present essay will be a tentative effort in this direction. The "model" of the Soviet system it presents is a loose and partial one drawing on the ideas of many scholars, and it is not intended as a free-standing alternative to other models. Within the general framework it provides, dissent is viewed as both product and symptom of the confrontation of two phenomena in the contemporary Soviet system —on the one hand, the structural complexity of a society at a rather high level of development; and, on the other, the persistence of a centralist-command mode of integrating the increasingly differentiated segments of that society. In the view taken here, dissent assumes the character of a "normal" phenomenon and one whose significance for the system as a whole is *problematic,* but not necessarily *dramatic,* in terms of the Soviet future.

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Problems of a Complex Society

The USSR today is a complex society manifesting, as do other modern societies, a relatively high degree of structural differentiation. While the "modernity" of the USSR relative to *other* modern societies is a matter of some debate[1] (and is, in a sense, one of the issues involved in this discussion), it is of a degree sufficient to place the Soviet Union squarely among those nations whose complexity creates serious problems of coordination or integration.

Integration in "traditional" or "primitive" societies presents less problems given the fact that these very designations signify that these societies are less differentiated and less complex. The distinct structural entities in such societies are relatively few and tend to be multifunctional: the family is the unit of pro-

[1] Much depends, of course, on the definition of "modernity." This paper does not attempt to resolve the question in any general way, but the material which follows *does* touch upon *one* criterion for judging "modernity"—*i.e.,* the degree of structural differentiation in a society. Soviet society *is* highly differentiated, but is this "modernity"? Some would say yes. Others, who find the differentiated parts lacking the *autonomy* that is regarded as characteristic of "modern" Western societies, would be less ready to agree that the contemporary USSR is "modern." This, certainly, is not the only, or even necessarily the most important, criterion of modernity, but it is one to which several of the authors cited herein attach considerable importance.

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duction and consumption, of education and socialization; and the functions of priesthood and kingship are frequently fused in the same role.

The modernization of a relatively simple society—entailing the processes of industrialization, urbanization, etc.—involves a progressive structural differentiation, a diminution of the importance of multifunctional units, and their replacement by units more functionally specific and better fitted to the performance of needed activities. Roles, as well as the structures in which they are nested, become more specialized, and as the dissimilarity of human activities increases, integrative problems also multiply. Modes of integration rooted in custom and tradition, which were fully adequate to meet the integrative needs of simpler systems, no longer suffice; new modes are needed if the adaptive capacity of the society is to increase. And as a nation moves along the path from traditionalism to modernity, the problems of integration become major foci of struggle in the political arena.[2] Integration, in short, is an eminently political matter.

The success potential of varying integrative strategies, and hence the choice between them, seems to depend in large part on three factors: (1) the degree of differentiation (or "modernity") of the society in question in the period prior to the choosing of a "strategy"; (2) the content of the antecedent political culture and its relative "vitality," or chances of persistence; and (3) the objectives of modernization itself. The case that concerns us here—that of Soviet Russia—presents interesting divergences from the "average" modernizing nation in each of these regards.

The Russian society of 1917, though severely disrupted by war and governmental collapse, was substantially more "modern" that it had been 30 years before—and more modern, certainly, than the societies of Africa and Asia were 30 years later, when they finally embarked on modernization after World War II. Substantial industrialization and development of communications and transport systems, as well as a rate of GNP growth sufficient to qualify imperial Russia as a nation nearing the "takeoff" point, had been achieved between 1885 and 1917.[3]

The Bolshevik "modernizing elite" consequently faced a society already fairly complex—which meant that the integrative task would be of commensurate complexity.

While war and revolution had brought the end of Tsarism, the political culture that had been both its product and its support survived. That culture was characterized by parochialism and passivity on the part of the masses, by a quasi-mystical mode of relating to the Tsar-autocrat, and—in the absence of any strongly-developed entrepreneurial orientations or traditions—by an acceptance of the state as the "doer," promoter, and coordinator of a broad range of social and economic matters.[4] Given such a legacy, as Zbigniew Brzezinski has observed, "a democratic Russia—either liberal or socialist—does not seem to have been a real alternative." [5] A political formula, if it is to "fit" a society, must be consistent with that society's cultural peculiarities, with its level of civilization, and with the prevailing notions of its citizens about the bases of political obligation.[6] The Bolshevik formula was a fairly good "fit"—even allowing for the obvious differences between its dynamic "totalitarian" thrust and the inertia of Tsarist authoritarianism.

The Bolshevik modernization program was both transformational and defensive in its objectives. While the internal implications of the Marxist-Leninist value system clearly included the necessity of a transformation from tradition to modernity, national security concerns were of no less importance. Stalin's enumeration of the defeats Russia had suffered in the past as the price of backwardness and his formulation of the objective of "socialism in one country" echoed the concerns of Russian defensive modernizers stretching back to Peter the Great. Added to the centralism so dominant in the inherited political culture, this ingrained preoccupation with national security virtually guaranteed that the differentiation of structures which would come with modernization would be integrated in a centralistic,

[2] See S. N. Eisenstadt, *Modernization: Protest and Change*, Englewood Cliffs, N. J., Prentice-Hall, Inc., 1966, p. 37. (Hereafter cited as *Modernization*).

[3] On prerevolutionary development, see Theodore H. Von Laue, *Sergei Witte and the Industrialization of Russia*, New York, Columbia University Press, 1963; also the essays by von Laue and Alexander Gerschenkron in Cyril E. Black, Ed., *The Transformation of Russian Society*, Cambridge, Mass., Harvard University Press, 1960.

[4] On Russian and Soviet political culture, see Frederick C. Barghoorn, "Soviet Russia: Orthodoxy and Adaptiveness," in Lucien W. Pye and Sidney Verba, Eds., *Political Culture and Political Development*, Princeton, N.J., Princeton University Press, 1965, p. 450-511. Concerning cultural influences on "development" in Tsarist and Soviet Russia, see Reinhard Bendix, *Nation-Building and Citizenship*, Garden City, N.Y., Doubleday Anchor Books, 1969, pp. 183 ff.

[5] "The Soviet Past and Future," *Encounter* (London), March 1970, p. 6.

[6] See Leonard Binder, "National Integration and Political Development," *American Political Science Review* (Menasha, Wisconsin), Vol. LVIII, No. 3 (September 1964), p. 625.

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"command" fashion, and that *control* would become an obsessive concern of the bureaucracy that would emerge to rule the society.

Whether control eventually acquired the character of an end, or remained a means, is a moot question,[7] but there is no need to enter into it here. For present purposes, it suffices to note that control was so critical an element in the structuring of the Soviet system during its modernization that general agreement prevailed among Western analysts well into the late 1950's on the "totalitarian" nature of the system.[8] Totalitarian integration shaped the Soviet system and, given the historical circumstances, was relatively well-suited to the task. Yet this mode of integration represents only one alternative, however natural its choice may have been at the outset, and an understanding of the issues raised by its maintenance under the conditions of a maturing Soviet society may be useful in clarifying some of the major problems the system faces—problems which are reflected, as we shall later argue, in the style and content of domestic political dissent.

The Soviet Pattern of Integration

With the declining vogue of the "totalitarian model" among Western analysts of Soviet affairs, new models, approaches, and terminologies have been put forward in an attempt to provide the conceptual apparatus necessary for a clearer understanding of the post-Stalin system. Among the many contributions, a few are striking in the degree to which their authors concern themselves directly—though in different terms—with the same problems of differentiation and integration.

T. H. Rigby has distinguished three main modes of integration or coordination of social effort: custom, contract, and command, characterizing the determination of objectives, roles and methods in "traditional, market, and organizational" societies respectively.[9] In "customary" coordination, the parties—superordinate and subordinate—are both "passive," inasmuch as objectives, roles and means in the "ideal type" of traditional society are themselves "given." Contractual (*i.e.*, market) coordination involves shared determination of the matters in question: that is to say, each party agrees to "perform" in a certain way in return for some consideration. Finally, "command" involves an active party who determines and a passive party who obeys. The type of society, obviously, is a question determined by the *relative* domination of one or another mode of integration. Typically, modern societies manifest different "mixes" *mainly* of command and contractual elements, purely customary forms having given ever greater place to other types of coordination. In these terms, the USSR is an "organizational" society, and the modernized states of the West are "market" societies. The Soviet polity—*i.e.*, the state-party bureaucracy—is generally seen as commanding the other specialized sectors: economic, military, educational, and the like; it does not deal with them in a process of negotiated "give and take." The evidence seems to suggest that both command and contract are *viable* modes of integration. Whether they are equally efficient in the management of systems of growing complexity is another question.

Along similar lines, Mark Field sees the increasing complexity and differentiation of modern societies as a phenomenon problematic in its outcome. The process of differentiation, in his words,

> *. . . implies a fair amount of autonomy for the differentiated spheres and the development of criteria of action specific to these spheres; it also raises the important question of the* integration *of these different areas through a system of exchange of outputs.*[10]

Autonomy, however, is only a *tendency,* and among the outcomes of differentiation is that of

[7] For example, to what extent is Hollander correct in arguing that Soviet bureaucracy "has developed primarily as a device of control and only secondly as an instrument for the management of modernization"? Was the rapid increase, after 1928, of state "penetration" into every area of life an outgrowth of a *conscious* commitment, inspired by Stalin's pathological suspicion and distrust, to maximize "totalitarian" control almost as an end in itself, or was it an incremental process of *ad hoc* responses by the regime to *resistance* to "developmental" objectives *(e.g.,* the resistance to forced collectivation)? See Paul Hollander, "Politicized Bureaucracy: The Soviet Case," *Newsletter on Comparative Studies of Communism,* (Buffalo, N.Y.) May 1971, p. 14.

[8] See Carl J. Friedrich and Zbigniew K. Brzezinski, *Totalitarian Dictatorship and Autocracy,* Cambridge, Mass., Harvard University Press, 1st ed., 1956, 2nd ed., 1965. See also Carl J. Friedrich, Ed., *Totalitarianism,* Cambridge, Mass., Harvard University Press, 1954.

[9] T. H. Rigby, "Traditional, Market, and Organizational Societies and the USSR," in Frederick J. Fleron, Jr., Ed., *Communist Studies and the Social Sciences,* Chicago, Rand McNally and Company, 1969, pp. 170-87 (hereafter cited as *Communist Studies).*

[10] Mark G. Field, "Soviet Society and Communist Party Controls: A Case of 'Constricted' Development," in Donald W. Treadgold, Ed., *Soviet and Chinese Communism: Similarities and Differences,* Seattle, University of Washington Press, 1967, pp. 189-90. (Emphasis added.)

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"constricted" development, a situation in which one of the differentiated spheres will attempt to dominate the others coercively by restricting and regimenting their tendencies toward autonomy.[11]

In Field's view, the outcome of the Soviet mode of integration has been just such a "constricted" development. Differentiated and specialized as its subsystems are, the Soviet system as a whole is dominated by the polity—the state-party bureaucracy. Subsystem autonomy would imply integration by exchange of outputs; domination is antithetical to both.

Frederick Fleron's typology of political systems—*i.e.*, monocratic, adaptive-monocratic, cooptative, and pluralist—is based on differences in the way political elites obtain from other, "specialized" elites the skills necessary for managing a society.[12] At one end of the continuum, a "monocratic" elite either possesses all the necessary skills itself or can mobilize them from among the "specialists" by coercion and without any *quid pro quo;* at the other, a pluralist system contains no "professional-careerist" political elite, and all elites are in competition. Fleron leans toward a view of the Soviet system as "cooptative"—that is, one in which needed skills are obtained by coopting appropriate "specialists" into the administrative structure—thus placing it somewhere between the two extremes, but rather far from pure "monocracy." While this view may be open to question, what is relevant to the present discussion is the fact that Fleron sees such a system, with its inherent bias toward monocracy, as facing a difficult problem—namely, the risk that "these specialized elites might attempt to trade their skills for some degree of participation in the political policy-making process." [13]

The remarkable similarity with which Rigby, Field, and Fleron frame the issue of integration—*i.e.*, in terms of command vs. contract, little or much exchange of outputs, coercing needed specialized skills or "trading" for them—directs attention to a critical question. This is the question of the fitness of the Soviet polity, as presently constituted, to manage a larger social system in which structural differentiation has given rise to many competing interests and where there are, at least potentially, two types of power. With regard to the latter, Boris Meissner has observed that "the power of the top bureaucrats rests in the *positions* they hold, while that of the intelligentsia is rooted in the authority and prestige inherent in the *functions* it performs." [14]

For a long time, the USSR managed to suppress the organization of the different interests arising from differentiation under the cover of an *ersatz* "plebiscitarianism." [15] In the "system-building" phase, such a policy was probably rational, because reliance on "contract" as a means of coordinating effort was not a viable alternative, given the ambitious objectives of forced-draft industrialization and the shortage of politically reliable and technically competent specialized cadres. Had the autonomous interests arising from differentiation been given freer play, it is quite possible that the industrialization of the Stalin era could not have proceeded so swiftly and successfully (discounting human costs).

The Strategy of Penetration

With success achieved, however, the situation changes, and the critical question noted above presents itself. For success has brought with it a high level of differentiation, an increase in the number and complexity of differentiated spheres within which persons develop specific "criteria of action," specific viewpoints. Still, however, the polity "penetrates" these spheres, seeking to maintain control over them according to its *own* criteria of action. This situation, it will be argued, "produces" much of the political dissent facing the Soviet regime today, and in a general sense the continuing penetration of the polity into other specialized spheres provides at least some of the dissenters with "item number one" on their agenda.

[11] *Ibid.*, p. 190.

[12] Frederick J. Fleron, Jr. "Toward a Reconceptualization of Political Change in the Soviet Union: The Political Leadership System," in Fleron, Ed., *Communist Studies*, pp. 222-43.

[13] *Ibid.*, p. 232.

[14] "Totalitarian Rule and Social Change," *Problems of Communism* (Washington, DC), November-December 1966, p. 58. (See also fn. 17.)

[15] The term is Bendix's (*Nation-Building and Citizenship, op. cit.*, p. 177). Eisenstadt makes a related point in discussing "mass-consensual" orientations as one of the characteristics of modern societies (*Modernization*, pp. 15-16): "This tendency to broad, mass consensuality does not, of course, find its fullest institutionalized expression in all different types of modern societies. In many regimes in the first stages of modernization it may be weak or intermittent, while totalitarian regimes of course tend to suppress its fullest expression. But even totalitarian regimes attempt to legitimize themselves in terms of such values, and it is impossible to understand their policies, their attempts to create symbols of mass consensus, without assuming the existence of such a consensual tendency among the major strata within them and its acknowledgement by the rulers."

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"Totalitarianism," even in the extreme form assumed by its Stalinist variant, did not completely obliterate the distinction between state and society. In reality, there existed neither the resources nor the knowledge necessary to control many "important areas of socially relevant activity," such as leisure-time activities, mating, and child-rearing.[16] But society, if not totally dominated by the state, was *penetrated* to an unprecedented degree by the polity, and this penetration still persists, even though it lessened somewhat in the post–1953 period. The consequences of such penetration for an increasingly "mature" (*i.e.,* complex and differentiated) Soviet system have been a matter of concern to Western analysts and Soviet dissenters alike.

A strong diagnostic consensus regarding the effects of this penetration was reached among a number of scholars who contributed to a symposium carried in this journal during 1966–68 and initiated by Zbigniew Brzezinski's essay "The Soviet Political System: Transformation or Degeneration?" (*Problems of Communism,* January–February 1966, pp. 1–15).[17] The "greater institutional maturity of Soviet society," Brzezinski argued, had been important in prompting the abandonment of violence in political competition, but pattern-breaking "moves" by the polity had also grown more difficult because the society was "far more developed and stable, far less *malleable* and atomized" than in the past.[18] In this situation, the party's function had become less clear, posing the whole question of its "relevance" to the USSR of the 1960's:

. . . Soviet history in the last few years has been dominated by the spectacle of a party in search of a role. What is to be the function of an ideocratic party in a relatively complex and industrialized society, in which the structure of social relationships generally reflects the party's ideological preference? To be sure, like any large socio-political system, the Soviet system needs an integrative organ. But the question is, What is the most socially desirable way of achieving such integration? Is a "strong" party one that dominates and interferes in everything, and is this interference conducive to continued Soviet economic political, and intellectual growth? [19]

In a similar vein, Robert Conquest viewed the USSR as a nation "where the political system is radically and dangerously inappropriate to its social and economic dynamics." [20] Frederick Barghoorn, though disagreeing with Brzezinski on the urgency of the "transformation-degeneration" dilemma, agreed that the "existing Soviet political structures and the ideology which serves as a major source of their legitimacy are increasingly irrelevant to a more and more diversified society." [21]

The substantial measure of Soviet success in the system-building phase had, in fact, created a situation in which—as noted elsewhere by Alfred G. Meyer—the problems of system-management were complex beyond the coordinating capacities of a political structure clinging to a "penetration" strategy at a time when that structure was no longer "creative." [22] Effective coordination required a favorable balance of innovative over conservative tendencies in Soviet political institutions—a balance that seemed to be lacking.[23] Conquest even saw, in the confrontation of polity and society, the "conditions of a classical Marxist prerevolutionary situation." [24]

The problems which evoked such alarming diagnoses from Western observers, and which are reflected in the less systematic but perhaps "richer" content of *samizdat,* seem to be reducible to two, which are interrelated: first, the quality of bureaucratic management of the economy and the larger society; and second, the style of political recruitment in a differentiated system ruled by a "politicized bureaucracy."

A Parasitic Bureaucracy

The party elite, in the view of Western observers and of some Soviet dissenters alike, lacks the expertise, flexibility, and perceptiveness necessary for the creative coordination of social and economic

[16] Rigby, in Fleron, Ed., *Communist Studies,* p. 179.

[17] This and the other contributions to the discussion, including Boris Meissner's article cited above (fn. 14), were subsequently published in book form as Zbigniew Brzezinski, Ed., *Dilemmas of Change in Soviet Politics,* New York, Columbia University Press, 1969 (hereafter cited as *Dilemmas*). Henceforth page references to Brzezinski's and other symposium articles cited will be to the book version.

[18] Brzezinski, *Dilemmas,* pp. 13, 20.

[19] *Ibid.,* p. 26.

[20] "Immobilism and Decay," in *ibid.,* p. 72.

[21] "Changes in Russia: The Need for Perspectives," in *ibid.,* p. 41.

[22] Meyer makes this point eloquently in his essay, "Political Change through Civil Disobedience in the USSR and Eastern Europe," in J. Roland Pennock and John W. Chapman, Eds., *Political and Legal Obligation: Nomos XII,* New York, Atherton Press, 1970, p. 423.

[23] For a discussion see Eisenstadt, *Modernization,* pp. 40, 149-50.

[24] In Brzezinski, *Dilemmas,* pp. 70-71.

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forces. It contributes little to the society and has few relevant "outputs" to exchange with other specialized sectors. In Meissner's words,

The ruling power elite is increasingly regarded as parasitic, for two reasons. In the first place, it represents a foreign body in the fabric of the elite structure of an industrialized society, since it does not submit to an economic rationality that is characteristic of an industrial merit society. The goal of promoting the conditions for existence and growth is only of secondary relevance to it. Its primary objective is the consolidation and expansion of its power base.

Second, the ruling elite is immensely exploitative of the other social groups. Through its absolute monopoly of power and unrestricted control over the means of production and property of the state, it is in a position to divert a disproportionately large share of the social product to the achievement of its political objectives, and at the same time to secure a higher personal income for its members.[25]

The Soviet dissidents S. Zorin and N. Alekseev, in their *samizdat* pamphlet "Time Will Not Wait," further develop the themes of exploitation and parasitism, focusing particularly on the *nomenklatura* system, which in their view elevates Soviet "managers" to a position that is virtually unassailable and remote from the masses. They see *nomenklatura* as a form of *property*

as inalienable as capital in a bourgeois society. It serves as a legal basis for our system much in the manner of the law of private property under capitalism.[26]

The new, nomenclatured "class" is vertically differentiated. Each level takes orders from the one above and gives them to the one below, with the subordinate level having no right of appeal. Career-making is the watchword of the system and induces the upward reporting of successes and the concealment of failure, thus maximizing misinformation at the top. Although the top is where the real "power" is, its misinformed and isolated state guarantees that its power will be used in an irresponsible manner, with the result that what eventuates can scarcely be called "control" in any sense of coordination. While the party is typically seen as "running" the system, Zorin and Alekseev see a different system in which "there is no proprietor, but there is an all-powerful and voracious consumer—the party-state bureaucracy."[27] In short, the political elite emerges as the main extractor of "surplus value" in the Soviet system. Though its language is more emotional than analytic, the Zorin-Alexseev diagnosis seems to be in general agreement with many Western critiques which see the Soviet bureaucracy as forced to rule by command rather than by contract because, having no "outputs" to exchange, it can scarcely enter into contractual relationships.

The political elite, certainly, is aware of the manifold problems it faces—*i.e.*, the problem posed by lagging economic growth rates and recurrent agricultural crises, the problem of reconciling the practical need to grant greater autonomy to economic managers with the eternal compulsion toward "control," and the problem of comprehending the sources of dissent and the "style" and the actions of the ever-more-publicized dissenters. Its response to this last problem has indicated relatively little change of perspective. That response has been an on-again, off-again campaign against dissent through the incarceration of dissenters in labor camps or mental hospitals, supplemented by the linking of dissenters with Western imperialism or "international Zionism" and other variations on familiar propaganda themes. The calls continue for reinforcing the "ideological vitality" of the party, for an even more tough-tempered, uncompromising stand against "alien" ideas. Yet, at the present stage, as the requirements imposed by the need for continuing economic development and adaptation press harder, it is unclear that ideology itself is relevant as a base for continued party dominance.

Elite Recruitment

What of the patterns of recruitment into this troubled elite? We know rather little about this—less, certainly, than we should like. Given the closed nature of Soviet society, we are in some sense reduced to judging the efficiency of recruitment not "in process," but by the outcome—that is to say, by *who* is in office, *how* those in office respond to the

[25] *Ibid.*, p. 83.

[26] This pamphlet is discussed and quoted in D. Pospielovsky, "Programs of the Democratic Opposition," Radio Liberty Research Paper No. 38, 1970. The quotation given here appears on p. 6 of this Research Paper.

[27] *Ibid.*, pp. 7-9.

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problems they confront, and how "successful" they are. There is plenty of room for disagreement here. Few would deny, however, that what Meissner terms the "ability to get ahead"—in terms not so much of functional efficiency as of personality, adaptability to an often arcane set of game rules, personal "connections" and the efficient use of them—plays a large role in the CPSU, certainly a larger role than in bureaucracies less "politicized." [28] This ability to "play the game" well does not necessarily reflect creative talent or individual initiative, nor is it likely to be accompanied by a readiness to pay attention to interests and pressures which are of potentially great significance but are not yet represented "institutionally" at the high-level bargaining table. Brzezinski doubts that the CPSU can remain "vital" when its personnel policies render it, "almost unknowingly, inimical to talent and hostile to political innovation." [29]

But whatever the party's *tendencies,* has it been so hostile and inimical as to drive *most* of the society's talent to careers in other sectors, and if so, who are left? The Medvedevs, the Amalriks have been driven away, but what of others who may be sympathetic to some of their ideas? What *is* dissent? Who is a dissenter? How much, if at all, might such terms cover the hidden ideas of some of the nameless persons within the bureaucracy itself? This is a worthwhile question. And, if the rank-and-file *apparatchiki* are generally lacking in talent and innovative qualities, what about those higher-level party members who simultaneously belong to the specialized functional elites and subelites upon which the *apparatchiki* must to some degree depend? Barghoorn discerns among these elements some "latent and increasingly vigorous but still rather amorphous tendencies":

To some degree at least these party members, who are under pressure to give their primary loyalty to the party but who are also by training and occupation functional specialists in industrial management or military science, for example, develop perspectives which diverge from those of the full-time party functionaries and may lead to friction or even to policy disputes between them and the former.[30]

As yet, we cannot tell to what extent such persons are effectively "coopted" and cease to represent any basis for change. The degree to which the "specialists" have the *desire,* or the resources, to innovate is a matter for speculation (of which there has been a great deal). What seems important here, however, is to try to comprehend how far such "insiders" may share, or may come to share, some of the attitudes and evaluative criteria of the clear-cut dissenters. The Soviet elite is not "accessible" to the non-elite in the sense of the latter having any real control over the selection of the former.[31] Thus, if the ruling bureaucracy is to "adapt" to change in any real sense, the adaptation must be from within, although the *idea* of change and the range of alternatives may come from "outside" sources. Typically, students of Soviet politics and society have viewed the embattled bureaucrats (a term whose scope is rather unclear) as the "insiders," the dissidents as "outsiders." Is this view correct?

Sources of Dissent

As noted at the outset, it is the author's belief that Soviet political dissent can be regarded as both product and symptom of those aspects of the Soviet system discussed earlier: that is, the increasing structural and role differentiation resulting from "modernization"; and the adoption of a response to the accompanying integrative problems that has differed radically from the type of response developed in most Western societies. "Command," rather than contract, has been the predominant Soviet mode of integration, and this choice has produced a society that conforms to Field's earlier-mentioned concept of "constricted" development.

To a large degree, it is this "constriction" that motivates political dissidence, and it does so on two levels. First, the denial of autonomy to many differentiated spheres that are functionally important causes frustration and dissatisfaction, especially among the elite in those spheres, and engenders demands by them for increased autonomy in the name of "rationality," efficiency, expertise, or other values—demands which the leadership thus far seems unwilling to accommodate. Secondly, the leadership's more general commitment to maintaining "uniformity" in attitudes, value and behavior in the society as a whole (in order to facilitate control

[28] In Brzezinski, *Dilemmas,* pp. 77-78.
[29] *Ibid.,* p. 10.
[30] "Soviet Russia: Orthodoxy and Adaptiveness," *loc. cit.,* p. 465.
[31] On the concept of "accessibility," see William Kornhauser, *The Politics of Mass Society,* New York, Free Press, 1959, p. 53.

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over the specialized sectors) evokes broader protests against the lack of individual freedom, violations of legality, and the persecution of religious "nationalists" such as the Crimean Tatars, and other groups. These protests come from a wider "opposition" that has grown beyond the bounds of the specialized intelligentsia.

It is precisely the unproductive "domination" of other spheres by the polity that is attacked by the authors of "Time Will Not Wait," and it is also one of the targets of the dissident Soviet nuclear physicist, Andrei D. Sakharov. For while the party was indeed a major force—perhaps *the* major force—in dragging Soviet society into "modernity," the form that this modernity has taken is a peculiar one which Edward Shils has characterized as a "tyranically deformed manifestation of potentialities inherent in the process of modernization." [32] One of the evidences of this "deformity" is a peculiarity in the way that "interests" which have become divergent by virtue of differentiation are articulated. In the past, many analysts would have thought interest-articulation itself incompatible with a Soviet-type system, but most today would probably agree with Francis Castles' observation that "totalitarian regimes are not so much antipathetic to the articulation of interests, as to the formation of groups." [33] In liberal-democratic systems, "outside" dissenters would move toward the formation of *associational* interest groups; in the USSR, insofar as dissenters are "organized," they are beyond the law, while *institutional* interest groups—*e.g.*, the armed forces, the police, and (some) industrial managers—have a monopoly on officially-tolerated "groupism." Interests outside the latter umbrella can, for the most part, be articulated only in ways that may be dealt with by the authorities as criminal. Herein, precisely, may be seen the reflection of "deformed modernity" as it affects the articulation of political demands. Given the level of differentiation in Soviet society and the degree to which the existence of differentiated spheres of activity has produced "criteria of action specific to these spheres" [34] among those who function within them, the system provides an incommensurately small number of mechanisms for expressing demands dictated by such criteria.[35]

Andrei D. Sakharov, center, with Igor R. Shafarevich, left, and Grigory Podiapolsky, right, all members of the Committee for Human Rights, which seeks to reform Soviet society from within.

—The New York Times, Jan. 18, 1973.

Recognition that interest articulation through *institutional* interest groups does exist at the top level of Soviet policy-making raises some interesting questions. Is it possible that, at the Central Committee level or above, the party itself is penetrated by "dissidents" who might at least be potential articulators of the interests of noninstitutional "groups"? Or, to put it differently, does dissidence "cover" some *within* the power structure, as well as those on the "outside"? On the possible existence of a concealed "democratic" opposition within the leadership, one student of Soviet affairs writes:

Seen against the background of the ever-growing and increasing reprisals against all kinds and shades of dissidents in the USSR, this sounds like an unlikely paradox. However if, despite the persecutions and arrests, a process of democratization is in progress among the post-Khrushchev leadership, it has its own peculiar dialectical logic. The reactionary elements of the leadership (and it is they who are in power, or else there would be no persecutions)

[32] "Further Observations on Mrs. Huxley," *Encounter*, October 1961, p. 45.

[33] "Interest Articulation: A Totalitarian Paradox," *Survey* (London), Autumn, 1969, p. 127.

[34] The phrase is Field's, *loc. cit.* (see fn. 10), p. 190.

[35] Kornhauser's remarks (*op. cit.*, p. 136) are suggestive of problems the Soviet system, in a time of large-scale crisis, might face because of this small number of "mechanisms" (in most instances, recognized *groups*) through which interests can be articulated. "Multiple independent social groups support authority by sharing in it," he writes, "that is, by themselves acting as intermediate authorities capable of ordering limited spheres of social life. In the absence of effectively self-governing groups, the state not only lacks restraint; it also lacks support."

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are made very uneasy by the hierarchical proximity of their more democratically inclined colleagues. In the absence of absolute autocracy, which would permit the supreme dictator to eliminate all such top-level "heretics" individually, Brezhnev, Suslov and company can only permit themselves to persecute low-level democratic and opposition circles at the present moment. Thereby they probably reckon on depriving their more democratically inclined colleagues of support among wide sections of the intelligentsia, after which it should not prove too difficult to remove these colleagues. This was exactly the method once used by Stalin against the Trotskyites and other intraparty oppositionals: first there was a purge of the low-level party opposition, then action was taken against Trotsky, Zinoviev, Bukharin, etc.[36]

Supporting evidence for this idea may be found in the boldness with which top-level Soviet scientists like Sakharov have dared to criticize the authoritarian character of the system. In (relatively) close contact with the leadership, they could possibly have reasons for believing that it contains "reasonable and moderate circles."[37] The survival of the *Khronika tekushchikh sobytii* (Chronicle of Current Events) has also caused some to wonder if the KGB may not be penetrated by persons sympathetic to the dissidents. Yet it seems dangerous to rely too heavily on such evidence. After all, Sakharov and the other dissident scientists may simply be *wrong*, and the KGB's failure thus far to suppress the Chronicle is subject to other, less "optimistic" interpretations. In a matter so speculative, it seems to the author that the burden of proof must, at least for the present, remain with those who claim that the top leadership *does* include "reformist" elements with links to, or support in, the population of dissidents "outside."

"Insiders" and "Outsiders"

The complexity of Soviet society today is mirrored quite clearly in the variety of dissent itself. Dissent varies not only in "style" but also in content; not all dissidents criticize the same aspects of the system, for the same reasons. Just as the sphere of the system in which a non-dissident works and lives determines to a significant degree his "criteria" and the way he sees the world (for example, a senior scientist at *Akademgorodok* and a general in the Soviet Army undoubtedly see things in differing lights), so the dissidents, being drawn from diverse spheres of a highly differentiated society, show similar differences. Dissidents holding high positions in a specialized elite and having a certain "authority" rooted in the functions they perform (the paradigm here is Sakharov) are in a sense "insiders." Their style and their "prescriptions" and programs for change differ markedly in many cases from those of "outsiders"—the Amalriks and Marchenkos—who have no "lever" by which to influence the system and whom the Politburo might regard (quite correctly in its own terms) as not "needed" in any way by society. (If Sakharov can lay claim to some high-level regard as a renowned research physicist and one of the "parents" of Soviet nuclear weapons, there is little to induce the Politburo to view Amalrik as anything more than a "spoiled" historian who "flunked" the defense of his dissertation and has since held a variety of menial and unskilled jobs on the margins of Soviet life.)

If one is, like Sakharov, on the "inside," one's protest, logically enough, takes the form of persuasion aimed at the political elite. Hence, Sakharov's manifesto, "Thoughts on Progress, Peaceful Coexistence, and Intellectual Freedom,"[38] radical as it may be in content, is an attempt to *convince* the leadership of the "error of their ways" and make them realize the counterproductiveness of continuing "to do business as usual." Needless to say, Amalrik's *Will the USSR Survive until 1984?*[39] is a very different sort of document—part exposé, part gloomy "futurology." It and other documents such as "Time Will Not Wait" reflect the style, the viewpoint, and the position of "outsiders" whose most frequent and, in many cases, *only* contact with the elite is through the KGB.

But the scope of dissent is even wider than a range of ideas extending from "reformist Leninism" to more radical calls for Western-style multiparty government, full civil liberties, etc. There are other kinds of protest from sources quite different, such as the neo-Slavophiles, the "nationalists," and other groups (some of whom might be lumped together as a "right wing"). Given the current state of Soviet

[36] Pospielovsky, *loc. cit* (fn. 26), p. 13.
[37] *Ibid.*
[38] English translation published in *The New York Times*, July 22, 1968.
[39] New York, Harper & Row, 1970.

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internal policy, the neo-Slavophile *samizdat* journal *Veche* is in no sense "reactionary," but manifestoes such as "A Nation Speaks" display strong elements of aggressive nationalism, anti-Semitism, and racism,[40] occupying a position in the spectrum of Soviet dissent perhaps somewhat similar to that of Moczar and the "Partisan" faction in Poland.

Dissent along these lines seems to reflect disgust and disgruntlement at the sham "internationalism" of the CPSU, at the "foreign aid" extended to "brotherly socialist countries" (adherents of this line strongly supported the invasion of Czechoslovakia in 1968), and at any increase in the role played by minority nationalities even in the symbolic structures of government. These "Russites" are, of course, more easily tolerated by the regime than the other types of dissenters, as much of their "program" makes them supporters of the Politburo and Central Committee hardliners. It is also not difficult to surmise that they must be well represented in the military and the KGB—certainly, the predominant "ideology" among the former, their rhetoric, and their "criteria of action" seem more nationalist than anything else.[41] It is indeed quite conceivable that such circles within the elite encourage this sort of "opposition," partly as a counterweight to the democratic movement, and partly because they realize how weak a basis the current "official" ideology provides for any kind of emotional linkage with the regime.[42] To whatever degree the "Russites" may be manipulated by the leadership (or by some elements within the leadership), however, theirs seems to be as "authentic" a reaction to the system as that of the "democratic opposition." The currents of aggressive nationalism, anti-Semitism, and xenophobia are strong, and the brand of Marxism-Leninism that has been communicated to the Soviet masses over the years has done little to discourage them. The sectors of the system where such feelings flourish are no less integral parts of Soviet society than are those which tend to produce liberal dissenters.

Andrei Amalrik, who—in his essay, "Will the USSR Survive Until 1984?"—despaired of the possibility of the present Soviet system's reforming itself.

—Photo from CBS News.

Dissent and the Soviet Polity

In the preceding pages, dissent in the USSR has been portrayed as a "natural" phenomenon arising out of the interplay between the growing complexity, or differentiation, of a rapidly modernizing Soviet society, on the one hand, and the persistent reliance by the regime on what have been termed "command-centralist" modes of integrating the differentiated segments of society in the face of rising demands for autonomy on the part of these segments, on the other. This leads us to the much more difficult task of assessing the long-term impact that dissent is likely to have on the future evolution of the Soviet polity.

To begin with, it seems doubtful that the alternatives that the Soviet system faces can be so succinctly summarized as "transformation" or "degeneration," "adaptation" or "decay," etc. The USSR

[40] For commentary on *Veche* and "A Nation Speaks," see D. Pospielovsky, "The Samizdat Journal *Veche:* Russian Patriotic Thought Today," Radio Liberty Research Paper No. 45, 1971.

[41] See Michael Scammell, "Soviet Intellectuals Soldier On," *Survey*, Winter, 1971, p. 100.

[42] See Jonathan Harris, "The Dilemma of Dissidence," *ibid.*, p. 121.

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is, after all, an amazingly stable society.[43] The institutional framework that had crystallized under Stalin by the mid-1930's remains essentially unaltered, and it shows no signs of imminent alteration. Despite all that has been said about "insecurity" in office as one of the characteristics hampering the administration of public affairs in the USSR, the average *apparatchik* seems, rather, to have a tight grip on job security and a real "stake" in the system. In an era when most "revolutions" have turned out to be somewhat ephemeral, the Soviet state and party have successively survived bloody civil war, a coercive transformation of the countryside costing millions of lives, the Stalinist terror of 1936–38, and the trauma of World War II. Few systems can boast such staying power, and those that can would seem to be unlikely candidates for "degeneration" in a period of relatively greater tranquility.[44]

The *apparatchiki,* then, would appear to be still firmly in control. Even if there *is* internal dissent within the top-level elite, the "conservatives" would seem to have the advantage over any "reformist" elements—and they can "turn on" more repression at will, or "back off" when they deem it expedient. Moreover, they are not likely to lose their advantage. There are at least three reasons why this is so—reasons that have to do with interest articulation, the political culture, and the balance of resources.

Interests *are* articulated in the Soviet polity—not all interests, but certainly those which seem critical for the survival of the system. The large institutional interest groups are, in one way or another, "taken care of." They are not ignored, for they are important mainstays of the system. But this is scarcely true of the dissenters, even those belonging to the scientific-technical intelligentsia. The regime has largely ignored their demands, without any apparent reduction of its stability. Once again, the burden of proof would seem to fall upon those who argue that failure to respond to these demands must have important consequences for the system—at least in the reasonably foreseeable future.

The political culture links the bureaucratic elite and the "masses" more closely than it links the dissidents to either. The institutional framework that emerged in the Stalin era "fitted" relatively well with the antecedent political culture of Tsarist Russia at the most critical points, and to all appearances the *contemporary* Soviet political culture still "fits" this relatively unchanged institutional pattern quite well.

The current culture, as reflected in the attitudes, the demands, the perceived "issues," and the general mental "set" of the masses toward the polity, might be said to be in a state of arrested development. The masses as a whole do *not* demand "legality," representative institutions, "freedom," which to them are unfamiliar and exotic concepts. Their economic demands are modest and are being met—if slowly and with occasional setbacks—so far as housing, consumer goods, and food are concerned. Perhaps, sometime in the not so distant future, they can even look forward to owning a *Zhiguli* car. In their own terms, they "never had it so good." Many of them have not even heard of the dissenters whose names are now so well known in the West, and those who have generally react in ways ranging from hostility to incomprehension—reactions that would hardly seem to justify the relatively optimistic view of the "popular masses" which some (though by no means all) of the dissenters themselves apparently entertain.[45] While dissent and dissenters may indeed be a natural product of more than fifty years of Soviet rule—and indeed may be "symptomatic" of Soviet society in its current phase of development—equally "natural" is the failure of the dissenters to strike a responsive chord among the masses at large, whose mentality is similar in so many important ways to that of the *apparatchiki* who rule in their name.

[43] For an eloquent argument supporting the prospective stability and staying power of the Soviet polity and institutional structure, see Tibor Szamuely's contribution to the symposium entitled "The USSR Since Khrushchev" in *ibid.,* Summer, 1969, pp. 51-69.

[44] Jerry Hough's stimulating essay in this journal ("The Soviet System: Petrification or Pluralism?" March-April 1972, pp. 25-45) makes an eloquent case for the staying power of the system, but his conclusions are rooted in evidence of strong adaptive capacities within the system and currents of change that are *increasing* such capacities. While his essay raises more issues and treats more topics than can be dealt with here, it is well to note at least his remark that "on all but the most central questions, party policy is less and less incorporated into clear-cut, undebatable ideology, with a consequent widening of the areas open to public discussion." This is scarcely a characterization of an "immobile" system. Moreover, as Hough rightly notes, "immobilism" and "irrelevance," applied to the polity, are general and somewhat vague terms, resting on unprovable assumptions about what a society "requires" at a particular point in time. However, the regime's position on the "most central questions" (presumably political) *is* one of relative immobility, and it is just this category of questions that the dissidents address. The regime may indeed be adaptive in many areas, but it may thereby strengthen its ability to sustain immobility on those issues it considers most critical to its survival—the very issues on which the Sakharovs and Amalriks challenge it.

[45] See Pospielovsky, *loc. cit.* (fn. 26), pp. 15-17.

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Finally, there is the problem of resources, by which we mean the essential sinews of political power. No detailed examination of these resources need be attempted here; for our purposes it suffices simply to ask in whose hands command of these resources resides. Who controls finances, jobs, and the preponderance of information available to the masses? Who has "legitimacy"—insofar as this can be measured? Who presently commands enough specialized expertise to keep the system running? In each of these cases, the answer seems clear: the party-government elite, which—in spite of the absence of institutionalized arrangements for the transfer of power at the top—has nevertheless proved remarkably successful in "replenishing" itself and preserving the foundations of its power.

By comparison, what are the resources at the disposal of the dissidents? While it may be true, as Robert Dahl has observed, that advanced economies "automatically distribute political resources and political skills to a vast variety of individuals, groups, and organizations," it is also true, as Dahl acknowledges, that there is no close correspondence between levels of economic development and the character of political systems.[46] Admittedly, the dissidents are by no means without resources, but those resources and their "convertibility" into power (or, more accurately, influence) are difficult to measure. A good deal of scientific and technical expertise? Yes, but presumably there is an adequate supply of such expertise available from the *non*-dissident intelligentsia. Idealism, as opposed to the regime's cynicism/realism? Certainly, but in political competition idealists have generally fared no better, and perhaps worse, than realists. Again, some dissident factions have shown a capacity for innovative challenges to authority—witness the relative success of the Jewish emigration movement—but can this long continue in the face of "legal" responses like the "education tax"? Most difficult to assess, probably, is the relevance of non-elite mass support, as in the cases of nationalist and religious dissidence; but in any case this would seem to be a resource that could be mobilized to full effectiveness only in the presence of some critical *external* challenge to the system. Certainly, so far as the institutional levers of power are concerned, the dissidents at present control *none*, and this is critical.

In sum, while resources and skills may now be more widely distributed in the USSR than ever before and quite possibly the maintenance of centralistic, "hegemonic" political control is becoming more costly and inefficient as the society itself becomes more "advanced," nevertheless the balance of resources *today* still seems to favor the maintenance of a hegemonic system.

Shape of the Future

If change should eventually come, one can conceive that it might arise from one of two potential causes that at present are quite unpredictable: (1) the massive trauma of protracted war and the failure of the "center" to hold, as in Amalrik's picture of "1984"; or (2) through the natural process of recruitment into the party bureaucracy of a "new generation" of cadres who, as products of the post-Stalin era, might be "different" from their predecessors and more responsive to the issues now being raised by the dissenters but ignored by the institutional interest groups that have places at the bargaining table of power today.

What change born of the trauma of war would be like is uncertain in the extreme. Amalrik himself is unclear on this.[47] However, the possibility of the emergence of a relatively "democratic" polity of the sort many of the dissidents apparently desire seems very slight indeed. Soviet soil seems no more hospitable to such an outcome today than it was in 1917. Moreover, speculations based on the occurrence of some such "trauma" seems rather futile at present.

What, then, of the possible emergence of a new generation of bureaucrats more responsive to the need for change, more willing to grant autonomy to diverse interest groups and to accept, for the party, the more modest role of interest broker/conciliator? Jonathan Harris describes this hope of some of the younger intelligentsia:

. . . the younger members of the intelligentsia, in particular the students, are most coherent about the nature of change and most optimistic about the future. In their view, it is not the Soviet system per se *which fails to respond to people's needs, but the present aged and rigid leadership. They place their hopes in a new generation of CPSU leaders, totally*

[46] See Robert A. Dahl, *Polyarchy: Participation and Opposition*, New Haven and London, Yale University Press, 1971, pp. 76-80.

[47] Andrei Amalrik, "Will the USSR Survive Until 1984?" *Survey*, Autumn, 1969, pp. 76-78.

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untainted by Stalinism. In their view, those who joined the CPSU after Stalin's death cannot possibly share the authoritarian outlook of the present generation of leaders, all of whom built their careers over the bodies of their colleagues who perished in the purges of the 1930's. Although now obliged to repeat the slogans of their superiors in the party, this younger group, it is argued, will be more willing to dismantle the controls over intellectual life when it takes over the reigns of leadership in the 1970's and 1980's. As one student insisted, the coming generation of CPSU leaders will be as receptive to new ideas as to jazz and miniskirts.[48]

Given our limited access to Soviet society, the fact that such hopeful optimism is entertained by some who are part of that society should of course be taken seriously. Yet some pessimism seems in order. The CPSU is, after all, very much a *minority* of Soviet society, and the segment of it that occupies the seats of real power is even smaller. The CPSU does its own recruiting, and it does so according to its own priorities, its own mental framework, its own political culture; it is *not* a voluntary association that one simply "joins." Even if a "gap" does exist in the USSR between the older and the younger *political* generations, with most of the youth on the relatively "liberal" side (though this is itself still open to question), will there not be among the young a *sufficient* supply of potential new cadres whose outlook is closer to that of the current *apparat* than to that of their liberal-minded "peers" to assure the continuation of the current pattern of political rule well into the 1970's and 1980's? Who is getting "in" now, if not former Komsomol activists and others whose attitudes are "acceptable" to the party? *Can* we assume that their "repetition of slogans" is merely a means of self-protection, or is it evidence of the same complacent satisfaction with the status quo that marks their elders? Today, aging men in the Politburo and Central Committee adamantly oppose the movements of dissenters generally younger than themselves. Is it not possible that tomorrow the dissenters will still be opposed by succeeding leaders closer to their own ages?

The fact is that the "style" of party rule has been a relatively stable thing, and for the reasons just mentioned it seems likely to remain so. It is the style which those who will take command in the 1970's and 1980's have been learning during their years of apprenticeship, and which they will probably bring into office with them. And it is precisely this style that most of the young dissenters of today are protesting and seeking to change. On balance, there is little reason to expect that their party "peers" will be significantly more receptive to their aspirations than are the present party leaders.

What, then, does all this signify in terms of the Soviet future? The widely-accepted image of the Soviet polity as one that is "immobile" and faces degeneration or decay because of its inability to cope with the problems involved in managing an increasingly complex economy and society is a striking one, although it has recently been subjected to challenge from various scholars, including Jerry Hough.[49] Whatever the merits or weaknesses of such an image, it seems clear that many Soviet dissidents see the system in this light. But "immobility," even if that term accurately characterizes the present state of the system, does not necessarily signify weakness. The polity may or may not be increasingly "irrelevant" to the economy and society; yet can one conclude that it cannot "hang on," or that the swelling of dissidence since the mid-1960's points the way to a different future? To acknowledge, as Paul Hollander does, that the Soviet bureaucracy "is at once a barrier to significant change and a major pillar of the frozen stability of Soviet society" [50] is not to prove that the bureaucracy itself will eventually be *forced* to yield to change, whether in the direction the dissenters wish or in others; it is, rather, a testimonial to the strength of that bureaucracy and its potential for endurance. The "democratic movement" has a great deal to overcome, and for now at least the balance of advantage appears to lie with the bureaucratic "immobilism" of the current collective leadership and its supporters. The costs of managing a complex, differentiated society by command techniques may indeed be mounting, but even if this is the case, one cannot predict with any certainty when the bill will come due.

[48] Harris, *loc cit.* (fn. 42), pp. 118-19.

[49] See fn. 44.

[50] *Loc. cit.* (fn. 7), p. 18.

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The Ideology of Althusser

By Maurice Cranston

As the only philosopher of eminence remaining on the Central Committee of the French Communist Party (*Parti Communiste Français*—PCF) since the expulsion of Roger Garaudy in February 1970, Louis Althusser must be regarded as the leading theorist of the party. Indeed, he is among the most distinctive and original of living Marxist philosophers. First, he is a structuralist, which helps to make him fashionable in France. Second, he is robustly anti-metaphysical and therefore appeals to the scientific, empirical minds of the English-speaking world. Finally, he is both a scholar and a hard-line Communist—combining originality in Communist philosophy with orthodoxy in Communist politics. It is to his works that one naturally turns in attempting to determine the real substance of the PCF's contemporary policy and thought.

Such an investigation seems particularly appropriate in light of the new and softer voice with which the political leadership of the PCF has been speaking since the summer of 1972. It has adopted a new style, a new language, even what has been called a "new face." [1] The change has been occasioned by the PCF's electoral pact with the French Socialist Party, the *programme commun* worked out for purposes of contesting the general election of March 1973. The designers of the new style were Georges Marchais, who had only recently replaced the ailing Waldek Rochet as General Secretary of the party, and René Piquet, who serves as chief of propaganda. Marchais, at 52, is relatively young for the job; he is a vigorous and attractive speaker, a thoroughly professional politician. Piquet is an equally clever publicist.

The first problem that confronted the French Communist Party when the united front was negotiated was that of overcoming the fear among voters that a government containing Communists would mean the piecemeal introduction of communism into France. So the strategy Marchais adopted was to assure the voters that the *programme commun* (the common election program of the Communists and the Socialist Party) was not a communistic, but only an "anti-capitalist" one, and that the Communist Party was not such a fierce animal after all, but really a cozy, domestic creature, even man's best friend.

At the 20th Congress of the French Communist Party held in Paris in December 1972, Marchais told an audience which included many fraternal delegates from the Socialist Party that the PCF was "no longer the party of the clenched fist, but that of the outstretched hand." [2] The Paris daily *Combat* described the atmosphere of the Congress as "*la vie en rose*." [3] Throughout the election campaign there was no angry talk of class war or of the dictatorship of the proletariat; indeed all the hard language of the old PCF gave way to talk of "humanism" and "humanity," "democracy" and "social justice," and Marchais himself often spoke the word "*printemps*" (spring), a word indelibly associated in the minds of the French Left with the events of Czechoslovakia in the spring of 1968, when Mr. Dubcek tried to create "socialism with a human face" and incurred at that time the bitter enmity of all orthodox Communists, including those in France.

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[1] See the analysis by Alain Duhamel, "Le Parti communiste, a-t-il changé?" *Le Monde* (Paris), January 27, 1973.

[2] *European Gazette* (Brussels), February 1973, p. 1.

[3] Dec. 21, 1972.

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Marchais' election speeches did make various references to socialism as the ultimate goal of his own party, though he admitted that it was not part of the *programme commun;* however, he assured the voters that by socialism he meant something wholly French—there was no question of importing a model of socialism from a foreign country.[4] On more than one occasion, Marchais claimed that the PCF represented French Christianity, and he even went so far as to suggest that the party had inherited that true love of France which had inspired General de Gaulle. At a meeting of the Central Committee of the PCF held on January 24–25, 1973, René Piquet emphasized the importance of the *"style nouveau"* in the party's oratory; "the tone of serenity, dignity and seriousness was the best answer," he believed, "to the sterile polemics, to the falsehoods, insults and provocations of the adversary." [5]

What is one to make of the *style nouveau* of the PCF? How much of the new posture reflects the opportunism of a political organization seeking to maintain an electoral alliance and win voter support, and how much reflects the deeper convictions of the leading French Communist politicians? Paradoxically, had Garaudy not been summarily drummed out of the PCF's Central Committee three short years ago, he would doubtless today be providing powerful theoretical support for the new soft party line. For Garaudy was a systematic exponent of "socialist humanism." He rejected the concept of an alien model of socialism and—in *Pour un socialisme français*—demanded a distinctively French type of socialist organization.[6] He was always seeking some understanding with Christians, and he was a passionate champion of Mr. Dubcek's *printemps* in Prague (this indeed was the major reason for Garaudy's expulsion).

Althusser and the New Style

But Garaudy is *persona non grata,* and it is Althusser who continues to enjoy the perquisites and prestige of membership on the PCF's Central Committee. One can only infer from this that his Marxism is acceptable to the party's political leadership. Yet one is puzzled as to what sort of philosophical support Althusser can give to Marchais and Piquet in their current endeavor. His books are not always easy to read,[7] but the thrust of his arguments is clear and unequivocal. Althusser has attacked almost everything that Garaudy believed in; he argues that there is only one kind of Marxism, and that is the Marxism of the Leninist tradition—hard, revolutionary and uncompromising.

Althusser is a French-Algerian by birth, and he joined the PCF in 1948, when he was 30. In that same year he was appointed a professor of philosophy at the Ecole Normale Supérieure in Paris. Although Althusser has condemned all French schools and universities as "instruments of bourgeois ideology," [8] this has not prevented him from serving for twenty-five years on the faculty of the most *élitiste* of French academic institutions.

He is a forceful and aggressive polemical writer; he is also a considerable Marx scholar, or Marxologist, who continually refers—in a manner rare among Marxist polemicists—to Marx's actual texts. His thinking is not only out of line with what is being said by Marchais and Piquet; it is also opposed to the Marxist humanism propounded by philosophers like Lukács. By Marxist humanism Althusser means that type of "seductive" Marxism which bases itself upon Marx's early "Hegelian" writings, and which presents Marxism as a philosophy of alienation, a philosophy which looks forward to the emergence of a new man in a world of neighborly fraternity and peace. Althusser says that Marxism is not a philosophy of love, but of war—class war; not a philosophy of Man, but of the masses; and he accuses the Marxist humanists of distorting the true nature of Marxism. He is himself conspicuously unsentimental, and he makes no pretense of being tolerant. Conferring on Lenin something like infallibility in the interpretation of Marx, he castigates all deviations from Lenin—evolutionism, revisionism, economism,

[4] *Le Monde,* December 3-4, 1972.
[5] *Le Monde,* January 26, 1973.
[6] Paris, 1965.

[7] Althusser's most important books are: *Pour Marx,* Paris, Maspero, 1965 (trans. with additional material as *For Marx* by B. Brewster, London, Allen Lane, 1969); (with Etienne Balibar) *Lire le Capital,* 2 volumes, Paris, Maspero, 1968 (trans. as *Reading Capital* by B. Brewster, London, New Left Books, 1970); and *Lénine et la philosophie,* Paris, Maspero, 1969 (trans. with additional material as *Lenin and Philosophy* by B. Brewster, London, New Left Books, 1971). All references henceforth will be to the English translations.

[8] In *Lenin and Philosophy,* where he makes this accusation, Althusser writes: "I ask the pardon of those teachers who, in dreadful conditions, attempt to turn the few weapons they can find in the history and learning to 'teach' against the ideology, the system and the practices in which they are trapped. They are kind of hero" [sic] (p. 148). The inference must be that Althusser sees himself as one such "hero." On the other hand, since Marxists in the French teaching profession are far too numerous to have to suffer for their opinions, it is hard to see what "heroism" is called for.

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and the rest—as evil distortions. No reader of Althusser's books will be surprised to learn that Althusser, in his youth, was an ardent Catholic. For just as there is something unmistakably Calvinist in Sartre, so there is in Althusser more than a suggestion of the Counter-Reformation Jesuit.

Althusser dates the rise of Marxist humanism from the 20th Congress of the Soviet Communist Party when Stalin was repudiated, a reaction which he views as unfortunate. Unlike Roger Garaudy and other Communist intellectuals who were deeply disturbed by the exposure of Stalin's black record, Althusser seems to bear Stalin no animus; he was a Stalinist in Stalin's time, and he feels no remorse about it. Sartre may become excited about *"le phantôme de Staline,"* but the only ghost that worries Althusser is *"le phantôme de Hegel."* [9] For Hegel, as he sees it, is the ghost who haunts the early writings of Marx, those from which Marxist humanism draws its inspiration. Althusser notes that Marx's early writings were first published between the two wars, and he claims that they were used in the 1930's as weapons against Marxism by "petty-bourgeois liberal intellectuals." He readily admits that they lend themselves to such use. What disturbs him more is that these same writings should have been adopted by Communists, both in the Soviet Union and elsewhere, as the theoretical foundation of a new, "post-Stalinist" philosophy. Althusser explains this humanist reaction against Stalinism as an ideological phenomenon which is dangerous because it masks the real problems—which are all political and economic problems—confronting Communists in the Soviet Union and elsewhere since 1956. This category of the ideological figures prominently in Althusser's theory, and more will be said about it later in this essay; but first we must consider the main lines of Althusser's own reading of Marx, which is central to his whole argument.

Marx's Epistemological Break

Althusser claims that Marx's writings fall into two main parts, and that only the later ones are properly to be considered Marxist. The first part—the early Marx— is still part of the German idealist tradition; but the second part, says Althusser, is totally different: it is "scientific." And he asserts that the whole genius and glory of Marx rest on the fact that Marx became a scientist—that Marx "made a great scientific discovery" by "opening up the continent of history to science." In order to realize this achievement, Marx had to cut himself off from his own idealist past. Specifically he had to break with his own early humanism.[10] Between the early and the later writings of Marx, there occurred what Althusser speaks of as an "epistemological break." [11]

This notion of an "epistemological break" has been favored in recent years by several writers of the structuralist school as an explanatory device in intellectual history. But it is not a new idea. It was put forward by Gaston Bachelard in 1938 in his book *La Formation de l'esprit scientifique,* where he attacked the prevailing Cartesian belief that scientific knowledge advances by the accumulation, assimilation and continuous modification of a rational system of thought, arguing instead that scientific knowledge advances by revolutions or radical breaks with tradition—breaks in which a wholly new conceptual synthesis is put forward to take the place of the old. In more recent years this idea of an "epistemological break" has been taken up in a modest way in America by Thomas Kuhn, the Princeton historian of science, in his *The Structure of Scientific Revolutions;* and it has been taken up on a more flamboyant scale in France by Althusser's former pupil, Michel Foucault, in such books as *L'Histoire de la folie* and *Les Mots et les choses,* where the whole of cultural history is depicted as a series of radical "epistemological breaks." Althusser himself employs this concept only to explain Marx's particular intellectual development, and to answer the question: "What is Marxism?" Marxism, Althusser replies, is not constituted by the whole of Marx's theoretical writings: Marxism is the "science of history" which Marx expounded *after* he had made the "epistemological break" with the idealist philosophy that had inspired his earlier writings. Marxism emerged when Marx made "the leap" from the "prescientific" to the "scientific." The *locus classicus* of Marxism is *Das Kapital,* the most substantial book of Marx's maturity, and the book to which Althusser has devoted a large part of his research.

Marx, says Althusser, was born "under a heavy layer of ideology"; but, he goes on to say, Marx himself recognized this fact—and recognized it,

[9] *For Marx,* p. 116.

[10] Althusser argues that Marx first subscribed to a form of liberal-rationalist humanism inspired by Kant, and then subscribed to a form of communalist humanism inspired by Feuerbach. It was not simply a matter of making a break with Hegel.

[11] *For Marx,* p. 33.

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moreover, as a peculiarly German predicament. "Ideology," as Althusser uses the word, exists in all societies, but the ideology of early 19th-century Germany was uniquely and oppressively idealistic. This circumstance Marx attributed (rightly, according to Althusser) to the historical backwardness of Germany and its social classes. France and England had had their bourgeois liberal revolutions and achieved their national goals; but Germany, unable to realize either national unity or a liberal revolution, sought refuge in a romantic dream world, where the German intellectual class had to enact in imagination what other nations had accomplished in reality. The German mind had turned to idealistic metaphysics as a consolation for the failures of actual experience. This "theoretical overdevelopment" of the German mind, Althusser suggests, found its most monumental expression in the philosophy of Hegel; and Hegel's tragedy was to have conceived a philosophy which was truly the "sum of all knowledge then acquired," but a knowledge that was seriously distorted by the ideological perspective from which it was acquired.

Althusser locates the beginning of Marx's "epistemological break" in Marx's realization that he would have to "retreat" [12] from Hegel's ideology in order to return to real history. This "retreat," Althusser insists, was not a dialectical supercession, or *dépassement,* of a Hegelian kind; it entailed a total break with Hegel and ideology. Althusser suggests how this came about. He argues that Marx first thought of France and England, in Hegelian terms, as embodiments of the ideas of Reason and Freedom; then when circumstances forced Marx to live in France and England and he observed those countries with his own eyes, what he saw was not Reason and Freedom but political oppression and class conflicts. It was in this way, Althusser believes, that Marx came to see the light—to "penetrate the myths" by which he had previously been deceived, and to discover reality itself. This was the break: introducing objective experience, or scientific knowledge, in the place of Hegelian ideological immanence. What Marx did thenceforth was to apply this scientific method to the understanding of history. He passed from "the enslaved thought of the Young Marx to the free thought of Marx," [13] and this "prodigious break with his own origins" marked the "foundation of a new discipline, historical materialism." [14]

A Structuralist Approach

It is as a practitioner of Marxist philosophy that Althusser presents himself to us, but to this philosophy he gives his own peculiar interpretation—an interpretation which can fairly be called a "structuralist" one, even though the word "structuralist" has become a little worn, especially in France, from too much use.

Althusser asks the sensible question: "What is society?" and he answers, "Society is a structured social whole." The type of structure he envisages is not something which has an economic center and a series of cultural and political epiphenomena projecting from this center; for such models, he asserts, rest on a metaphysical conception of essence and accident which a Marxist should repudiate. Althusser depicts societies as complex structures of economic, political, ideological, and other elements between which there are innumerable complicated relationships and interactions. Althusser insists that he is a sound Marxist economic determinist, but he claims that while economic determination operates *"in the last instance,"* above and before that last instance there are vast networks of causality within the cultural and other noneconomic layers of the social structure. Althusser writes:

In different social structures the economy is determinant in that it determines which of the instances of the social structure occupies the determinant place. Not a simple relation, but rather a relation between relations, not a transitive causality, but rather a structural causality.[15]

He explains that by "structural causality" he means a form of causality that is neither linear nor ideological: a cause is "structural" when an effect is produced by "the complex organization of the whole, present-absent in its economic, political, ideological,

[12] *Ibid.*, p. 76.

[13] *Ibid.*, p. 83. Althusser dates the "epistemological break" from the time in which Marx wrote *The German Ideology* (1845). He divides Marx's writings into the following periods: 1) Early Marx (1840-44): *The Holy Family, Manuscripts of 1844,* etc.; 2) Works of the Break (1845): *The Theses on Feuerbach* and *The German Ideology;* 3) Transitional works (1845-57): *Communist Manifesto, Poverty of Philosophy,* etc.; 4) Mature works (1857-83): *Das Kapital,* etc.

[14] Althusser makes a distinction between Historical Materialism, "the science of history," and Dialectical Materialism, "the theory of science" *Reading Capital,* p. 315.

[15] *Ibid.*, p. 224.

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and epistemological effect." [16] He further suggests that every element in the social structure has its own specific causal efficacity: the institutions of society are not mere expressions of the economy (as "vulgar Marxists" believe) but constitute "an autonomy within a structured whole where one aspect is dominant"—this dominant aspect "being determined in the last analysis by the economy." [17]

In his attempt to improve upon "vulgar Marxist" conceptions of the social structures, Althusser provides an analysis of the state which, by implication, eliminates any anarchistic yearnings for the state to wither away. He suggests that it is necessary to distinguish between state power and state apparatus. What a Marxist must seek to destroy is the *bourgeois* state apparatus; state power is what has to be seized in order to destroy that *bourgeois* state apparatus. A new *proletarian* state apparatus will, however, be needed to replace the old.

Althusser next distinguishes two types of state apparatus: the legal and political institutions which are commonly identified with the concept of the state; and "another reality" [18] which Althusser believes to have been largely neglected: the "ideological state apparatus," consisting of culture, religion, family, the media of information, and education. He claims that no class can hold state power without exercising hegemony over the "ideological state apparatus." In the feudal period the dominant "ideological state apparatus" was the Church; in mature capitalist societies the dominant "ideological state apparatus" is, he suggests, the educational system.

It is usual for Marxists to speak of society as being dominated by the institutions of violence or force that are set up to serve the interests and protect the advantages of the property-owning class. What is original about Althusser is that while he believes in the existence of such political and legal institutions resting on force, he attaches more importance to those social institutions which operate on men by a kind of veiled persuasion, and which make men look at the world in certain ways and feel and act, in consequence, in a certain manner. These institutions make up what he calls the ideological apparatus of society, and he suggests that it is precisely these "ideological structures" that substantially determine the patterns in which everybody thinks and behaves.

[16] *Ibid.*, p. 310.
[17] *Ibid.*, p. 313.
[18] *Lenin and Philosophy*, p. 136.

Althusser is far from adopting the suggestion of Sartre and others that the concept of economic determinism must be jettisoned as a residue of 19th-century misconceptions of science; yet he rescues economic determinism only by fitting it into a highly complex theory of structural causality in which the economic determinant plays a crucial, but far from ubiquitous, role. His particular theory of ideology obliges him, indeed, to give greater prominence (if not greater importance) to psychological determination, and so to draw on the language and thought of Freud, especially as Freud is mediated by the French structuralist psychologist, Jacques Lacan.[19]

Ideology—an Essential Structure

It must be noted that Althusser considers the ideological to be an essential element in all societies, not only bourgeois or feudal but even Communist, and he dismisses as utopian those theories which conceive of a classless society as a society without ideology. He writes:

Ideology is indispensable in any society if men are to be formed, transformed and equipped to respond to the demands of their conditions of existence.[20]

For ideology, as Althusser uses the word, is not some system of ideas worked out in the head of an *idéologue*. Ideology is something which dwells in everyone, in the unconscious more than in the conscious, something actually experienced in the relations between men and their world.

It is precisely because he regards ideology as largely unconscious that he conceives the task of comprehending it as being in the nature of an analytical exercise similar to Freudian psychoanalysis. This perception even informs his advice to students. In a preface to a French translation of *Das Kapital*,[21] he sets down a specific order in which to read the

[19] In an essay "Freud and Lacan," reproduced in *Lenin and Philosophy*, pp. 177-202, Althusser says that Lacan's theorization of Freud would have been impossible without the insights of a new science, structural linguistics. Althusser congratulates Lacan for his discovery "that the discourse of the unconscious is structured like a language," and Althusser employs a similar approach to the interpretation of ideology. Freud's own formulation of his theory is unacceptable to Althusser because Freud (mistakenly he thinks) adopted the model of thermodynamic physics as his scientific paradigm.
[20] *For Marx*, p. 232.
[21] *Lenin and Philosophy*, p. 80.

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several sections of Marx's book and prescribes a further program of reading. "This advice," he writes, "is more than advice: I am willing to present it as an imperative." At such moments, Althusser is little different from an old-style French professor laying down the law. But his theory of reading is actually much more complicated. He recommends what he calls a *symptomatique* (symptomatic) approach to reading a book—a technique which he himself compares to a Freudian interpretation of a dream. This is necessary because Althusser believes it to be the nature of ideology to distort reality just as dreams distort reality. He thinks it is possible to see through and dispel these distortions, given the right perspective and the right analytical method.

The perspective that Althusser demands is what he calls the "proletarian perspective." "Proletarian" is a word which is familiar enough to readers of Marx—the proletariat, for Marx, is the "universal class." On the assumption that Marx's assertions are true, Althusser can claim that anything perceived from the point of view of that "universal class" is perceived without class bias. It should be stressed that Althusser, in speaking of the "proletariat," does not refer to the existing working class, for he believes that the thoughts and attitudes of the existing working class are distorted by the bourgeois ideology by which members of that class have been indoctrinated and bred. Hence, for Althusser the achievement of the proletarian perspective is not a matter of actually being a working-class person—a worker must make the same effort to see through the biases of current ideology as a middle-class intellectual.

By uncovering the distortions of a given ideology, one can gain control over ideology. Here again the analogy with psychoanalysis is evident. Just as, for Freud, it was knowledge of one's unconscious which sets a person free from the constraints emanating from that unconscious, so, for Althusser, it is knowledge of the unconscious ideology of a society which can lead to the liberation of the exploited:

Only the existence of ideology and the recognition of its necessity enable us to act on ideology and transform it into an instrument of deliberate action on history.[22]

These beliefs about ideology are logically tied to Althusser's uncompromisingly *dirigiste* approach to politics. Not only before and during a revolution is discipline required, he argues, but even in a socialist society, "men's adaptation to their conditions cannot be left to spontaneity, but must be constantly assumed, dominated and controlled"—hence the need for ideology.[23]

In arguing in this way, Althusser can fairly claim to be a disciple of Lenin, since one of the most conspicuous modifications of Marxist theory which Lenin proclaimed was his suggestion that the revolutionary mission could not be entrusted to the workers, but must be undertaken in their name by the disciplined party elite. Althusser gives a new reason for mistrusting the "spontaneity" of the working class—namely, that the workers are deceived by ideology—but the practical policy he recommends is the same as Lenin's. Indeed, his policy is possibly even closer to Stalin's, since Lenin was concerned with exercising party dictatorship in the name of the workers mainly during the revolutionary phases, whereas Althusser (like Stalin) emphasizes the need for "domination" and "control" even after socialism has been achieved.

A further Leninist modification of Marxism to which Althusser subscribes is Lenin's notion of imperialism. Marx himself despised the petty-bourgeois gospel of nationalism, which he viewed as responsible for creating negative myths and emotions about imperialism; he saw the extension of European empires into backward areas of the world as part of the march of history toward the ultimate triumph of socialism and was not disposed to let his passions be inflamed by the inevitable. But Lenin, who owed much of his success in 1917 to the chaos caused by imperial war, did discern the propaganda value of castigating imperialism, even if he never clearly defined what the word "imperialism" meant. Althusser joins Lenin in this imprecision. He frequently names "imperialism" as the "enemy of socialism" without providing a coherent analysis of imperialism—whether on Marxist or other grounds. Imperialism seems to figure in his thinking like Satanism or some other unidentified evil in medieval Christian theology. The word is emotive and not much else.

Certainly Althusser's hostility to "imperialism" does not entail any disapproval of the extension of the Soviet Union into Eastern Europe. Indeed, his references to the Soviet Union are invariably flattering, and he even goes so far as to suggest that the Soviet Union (unlike China) has passed beyond

[22] *For Marx*, p. 232.

[23] *Ibid.*, p. 235.

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the period of the dictatorship of the proletariat to a higher stage on the road to communism. "In the USSR," he claims, "men are indeed now treated without any class distinction, that is, as persons." [24] In another passage Althusser writes:

The communism to which the Soviet Union is committed is a world without economic exploitation, without violence, without discrimination—a world opening up before the Soviets the infinite vistas of progress, of science, of culture, of bread and freedom, of free development—a world that can do without shadows or tragedies.[25]

Althusser is only troubled by the fact that, despite this positive situation, some in the Soviet Union have felt the need for Marxist humanism as a "philosophy of man," a tendency which has led since 1956 to the emergence there of a Marxist-humanist ideology. It is certainly not surprising that he should object to the growth of Marxist humanism outside the Soviet Union; for besides any philosophical objections to it, he was bound—as a loyal Communist—to dislike a movement of thought which in numerous countries has undermined the authority of orthodox Communist theoretical spokesmen and promoted various rival left-wing groupings claiming to be Marxist in their inspiration. But one wonders how Althusser can conceive of Marxist humanism even arising in the classless society he already discerns in the USSR. Moreover, one is tempted to ask how Althusser can think that such an ideology poses a genuine threat to the Soviet order. After all, the totalitarian structure of the Soviet state permits no such developments, and in Czechoslovakia, where the local party leadership under Dubcek adopted some of the ideas of Marxist humanism, the Soviet leaders intervened to suppress the movement with merciless severity.

The philosophical grounds for Althusser's opposition to Marxist humanism are far from explicit. He clearly cannot complain that Marxist humanism is bad on the ground that it is "ideological," since he holds that ideology is necessary at every stage of every society's history. The burden of his complaint seems to be that Marxist humanism is a dream-like ideology which diverts attention from the practical problems which the Soviet Union now confronts (having ended the dictatorship of the proletariat). What he evidently has in mind is that the Soviet Union now needs a more action-oriented or organizational type of ideology. He nowhere goes into detail on the subject, but leans heavily on *a priori* reasoning, passing from the assertion that Marxist humanism is idealistic to the conclusion that it cannot serve desired material purposes.

Materialist or Idealist?

There is, however, something highly paradoxical about Althusser's materialism. He affirms his materialism emphatically enough. But he also asserts, as Fichte once did, that all philosophers have to be either materialists or idealists, and this is an assertion which can only be true if "materialism" and "idealism" are defined so widely and loosely that a whole host of divergent philosophies can be fitted into one or the other of these categories. And indeed Althusser's own philosophy can be considered materialist only in some such extended sense. For his whole theory of ideology is an example of the principle that "ideas precede things" (Fichte's characterization of idealism), and it is only by making ideology part of a complex structure which is ultimately determined by the economy that Althusser can claim to subscribe to the principle that "things precede ideas" (Fichte's characterization of materialism).

Marx himself was more obviously a materialist in the conventional sense than is Althusser. This is evident in the two thinkers' differing use of the word "ideology." For Marx, "ideology" was a pejorative word. He used it to mean "false consciousness"—the set of ideas by which people deceived themselves into believing what their class interest made it advantageous for them to believe. But for Althusser, "ideology" is not always a pejorative word. While he agrees that most ideologies are illusory, he insists that men cannot live without ideology and therefore there must exist nondeceptive ideologies appropriate to socialist or Communist societies.

Althusser follows Marx in distinguishing ideology from science. Science, he says, is a system of knowledge, whereas ideology is a system of representations which serve a practical social function beyond the limited scope of knowledge. But he dismisses as fanciful the belief that ideology can be replaced by science—such a view is as utopian, he thinks, as the belief that religion can be replaced by science. Here he reiterates his belief that ideology is not just a myth, but an essential structure of society:

[24] *Ibid.*, p. 222.
[25] *Ibid.*, p. 238.

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In a class society ideology is the means whereby, and the element in which, the relation between men and their conditions of existence is settled to the profit of the ruling class. In a classless society ideology is the means whereby, and the element in which, the relation between men and their conditions of existence is lived to the profit of all men.[26]

This assertion, it must be emphasized, is strictly Althusserian. Marx could not have said it because for him the word "ideology" connoted the distorting myths which belong essentially to society with classes.

Althusser's sophisticated theory of ideology may be an improvement on Marx's, but it is certainly not materialist in the sense that Marx's theory is materialist. Admittedly there are times when Althusser writes like a materialist sociologist of knowledge. For example, in deploring the lack of socialist theory in France, he writes about the French intellectual tradition very much as Marx himself wrote about the German intellectual tradition. Althusser suggests that the French bourgeoisie, having successfully accomplished their Revolution, assimilated the intellectuals, whereas intellectuals were spurned by the ruling classes of Germany, Russia and Italy. Thus French intellectuals became too tame, too *embourgeoisés* to serve, like the intellectuals of other countries, as theorists for the workers' movement. Furthermore, in this atmosphere of bourgeois comfort, the French philosophical tradition remained provincial and narrowly metaphysical—hence "the stubborn, profound absence of any real theoretical culture in the history of the French workers' movement." [27]

But despite his biting commentary on the impracticality of most French intellectual life, Althusser himself has far more to say about the effect of thought—including, assuredly, unconscious thought—on things than he has to say about the effect of things on thought. His program is not to overcome ideology altogether—the conventional materialist program—but to turn ideology against ideology. This purpose throws some light on the intensity of Althusser's hostility to Marxist humanism. It is because he believes that ideologies shape events that he has such a strong desire to develop the right ideology, and such a marked hostility toward any wrong ideology. He believes that the cult of the Early Marx is bad because it must lead back to the liberal-rationalist humanism of Kant or the communitarian humanism of Feuerbach—and not forward to the militant communism of Marx's own maturity. This is what makes the whole tone of his writings so reminiscent of a Counter-Reformation theologian arguing against heresies.

For the Jesuits, opinion could damn a soul; for Althusser, opinion can constitute reality. This is evident enough in his theory of the proletariat. According to any familiar materialist analysis, membership in the working class must be determined by the actual economic situation of the man concerned. But for Althusser, membership in the proletariat is determined by the existence of certain attitudes in the minds of individuals—in a word, by the ideology to which a man adheres. Given this state of mind, the external economic situation (whether a person is in the lower-, middle-, or upper-class income group) hardly matters.

In a paper entitled "Lenin and Philosophy," first read to a meeting of the Société Française de Philosophie, Althusser tried to defend Lenin's claim to be a serious philosopher in the face of French academic scorn. He suggested that this scorn was prompted by the narrow bourgeois values of the French academic tradition. Ironically enough, his own achievement has been to restate Marxism in terms which render it more intelligible within that French tradition, less alien to the rationalistic values which the mainstream of French philosophy, both past and present, invokes. Althusser has produced a Marxism which restores to the intellectual the preeminence and privilege to which French culture has accustomed him.

In this respect, Althusser has been of great service to Marxism in France, at least on the philosophical plane. But his philosophy offers no comfort to his party's politicians in their present policy of smiling moderation. Althusser's unreconstructed *dirigisme* and his contempt not only for what he sees as the distortions of bourgeois ideology, but also for any sort of Marxist humanism, are hardly compatible with the *style nouveau* or the *programme commun* propounded by Georges Marchais and René Piquet. In their hearts, these leaders doubtless agree with Althusser, and one may be sure that his theories are read by Communist study groups behind closed doors. But it would clearly be an embarrassment to the PCF's leadership if Althusser's writings were widely read elsewhere in contemporary France.

[26] *For Marx*, p. 236.
[27] *Ibid.*, p. 23.

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Books

The Comparative Economic Approach

By Nicolas Spulber

V. NESVERA: *Investitionen in Österreich und in der Tschechoslowakei* (Investments in Austria and in Czechoslovakia). Vienna and New York, Springer-Verlag, 1971.
H. G. KOSTA, H. KRAMER and J. SLAMA: *Der technologische Fortschritt in Österreich und in der Tschechoslowakei* (Technological Progress in Austria and in Czechoslovakia). Vienna and New York, Springer-Verlag, 1971.
G. KADE, H. J. ZUBROD, and R. HUJER: *Organisationsprobleme der Wirtschaftsreformen in der USSR und der DDR in Lichte der Kybernetik und Graphentheorie* (Organizational Problems of Economic Reform in the USSR and the German Democratic Republic in the Light of Cybernetics and Graph Theory). Vienna and New York, Springer-Verlag, 1971.

PROFESSOR WASSILY LEONTIEF once remarked that "comparativism" as a method of scientific research provided a "convenient refuge for unimaginative minds." He did not mean by this that various historical economic changes could not be described and illustrated by numerical comparisons and statistical manipulations. Rather, Leontief was suggesting a more challenging problem: How can the interdependences which comparisons reveal be integrated into the broader analytical framework of a whole economic system's operation at any given point in time?

If this question nags the "comparativist" who deals with economic changes within the framework of a given socio-economic system, it plagues him *a fortiori* when he attempts to extend the scope of his investigation to different socio-economic systems. The effort is further obstructed by the fact that much of the research done in the field of "comparative economic systems" continues to be carried out along such traditional lines as the methodical comparison of various types of aggregative indices.

However, important attempts have been made recently to approach the study of changes within and between systems from a different angle. These studies focus on a "system" as a whole, and they employ the tools and techniques of "systems analysis"—modern management science, information theory and "systems engineering."

The monographs under review, published under the sponsorship of the Austrian Institute for Economic Research, use both approaches. The first two, which focus on comparative growth and development patterns in Austria and Czechoslovakia since World War II, use the traditional comparativist method; the third, which focuses on comparative system changes in the USSR and East Germany, uses the "systems" approach. All three works address themselves to the following questions: 1) Why do the growth rates of the gross domestic product and of various sectors display similar long-term trends in countries with different socio-economic systems? 2) Which changes are attributable to differences in patterns of access to advanced technology and in applications of the latter to production? 3) What specific trade-offs occur within a Soviet-type system between the expansion or contraction of controls and the increase or decrease in its internal and external destabilizing factors?

With respect to the first question, Nesvera's monograph on investments presents as a principal finding the discovery that Austria and Czechoslovakia—two countries with roughly the same *per capita* income but having dissimilar economic structures—both demonstrated a declining trend in their rates of growth over the period 1950–66. This "striking common feature" is attributed by Nesvera to the same cause: the absence of responsiveness throughout the various sectors of both economies to changes "in the objective situation facilitating growth in different sectors."

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However, neither the basic data presented in this monograph nor the conclusions drawn from them may be accepted without qualification. In the first place, the growth rates of the 1950's, and particularly of the early part of that decade (which was, after all, a period of reconstruction and postwar boom), are inappropriate as a reference point for the 1960's. Once the long-term output potential had been reached after reconstruction, the 1960's were bound to display a broadly decelerating trend, although the deceleration itself varied from country to country according to both general and specific interactions between supply and demand factors.

Nesvera also seems to ignore the fact that the entire group of centrally-directed socialist economies (CDSEs), and particularly the most industrialized among them, showed rapidly declining growth rates from the end of the 1950's on. Among the CDSEs, Czechoslavakia ranked second from the bottom in terms of average annual rates of expansion for the period as a whole: its 5.2-percent annual growth rate compared poorly with the 7.0-percent average rate for all CDSEs. In industrial Western Europe, on the other hand, the growth rates of the gross domestic product showed a markedly jagged pattern. Austria itself displayed a pronounced downward trend at the same time that it achieved one of the highest average rates of growth in the West—5.1 percent as against a group average of 4.5 percent.[1]

It is impossible to reduce these complex shifts and adjustments to some simple denominator, such as investment inertia or lag in investment responsiveness. Up to a point, an inflexible investment structure oriented toward heavy industry certainly played a role in the declines registered in some CDSEs. But even here, a variety of supply and demand factors were at work. For example, as other analysts have pointed out, there were significant shortages of raw materials and excessive buildups of inventories, marked deterioration in output-input ratios and rising production costs, large amounts of unfinished construction and malinvestments, and imbalances in foreign trade. Czechoslovakia, in particular, also suffered from the vigorous competition of Western machinery supplies in the Eastern (socialist) market in which it had enjoyed a truly monopolistic position during the 1950's.

The specific short-run deceleration factors at work in Austria were of a quite different nature. Rather than the lack of responsiveness to shifting economic conditions pointed to by Nesvera, there appears to have been, if anything, a tendency in the Austrian economy to respond too quickly to short-term international fluctuations. Thus Austria, along with the rest of industrial Western Europe, experienced investment booms in 1958–61 and again in 1964–65, but in the intervening and subsequent years—reflecting a less buoyant international economic atmosphere—there was a hesitancy to take advantage of opportunities for new investments, a constriction of public investment expenditures, and a falling-off of export effort—all of which combined to dampen the overall growth rates of the economy for the 1960's. In short, Nesvera mechanically superimposes similar trends on widely different underlying causes, with the result that his whole inquiry concludes on a rather unenlightening note.

THE KOSTA-KRAMER-SLAMA study also suffers from certain serious shortcomings. For one thing, it is based up to a point on some questionable aggregative indices, particularly concerning GNP *per capita,* per person employed, by industrial origin, and so on. In addition, the disparate though plausible variables it presents to measure technological development—*e.g.*, levels of research and development expenditures, revenues per weight-unit of technical products exported, the extent to which certain innovations have been introduced in various industries (for example, oxygen in steelmaking), the production and consumption of man-made fibers, shifts in energy balances, the use of computers, and so on—do not provide a satisfactory explanation of the actual rates of technological change. As the authors themselves note, Czechoslovakia spent nearly three times as much as Austria on research and development (as a percentage of GNP) and employed nine times as many persons in research (for every 10,000 inhabitants). Yet all this was associated with a *lower* technological level than that of Austria and produced only disappointing output increases. The authors then fall back on the familiar argument that these poor results were attributable mostly to the deadening effects of bureaucratic control, institutional separation of consecutive stages of innovational processes, and counterproductive policies with respect to incentives, managerial motivation, and input-output patterns.

[1] See *Economic Survey of Europe 1969,* Geneva, United Nations, 1970, Part 1, pp. 9, 14, and *passim.*

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This typical enumeration of sources of inefficiency in CDSEs is accompanied by the more telling observation that Austria met its demand for advanced technology largely from Western sources while Czechoslovakia had to rely heavily *on her own* and partly on other Communist sources—an observation that is coupled with a comparison of the costs of foreign licenses as against the costs of imports of foreign capital and equipment in the two countries. Here, of course, is the crux of the matter. A Hungarian economist frankly acknowledged not long ago that much of the East European output and trade in machinery has involved the production and exchange of obsolete technology, and that this situation has led to what he aptly termed "quasi" development rather than actual development as compared to Western achievements.[2] Kosta, Kramer and Slama are perhaps correct in pointing out that Austria may experience serious inconveniences arising from "overdependence" on imported technology (they assert that this is already the case in certain industries with limited domestically-based research foundations), but the fact remains that development in pace with the most advanced technology of our time is inconceivable in segregated markets which are isolated from the broad currents of world trade and world markets.

IN THE THIRD monograph under review, Kade, Zubrod, and Hujer attempt to provide some new insights into the nature and scope of the Soviet economic reforms of the 1960's as well as into the changes in plan formulation and implementation undertaken at that time in East Germany.

The Soviet reforms are appraised in terms of the system's "sensitivity" to external or internal interferences or destabilizing factors, its learning adaptability (*i.e.*, the capacity to modify instruments in use in order to achieve preselected goals), and its relative or absolute centrality (*i.e.*, the importance of any given point in the system's communication network and of the network's "centralization" as a whole). On the basis of detailed analysis, the authors conclude that the Soviet organizational changes introduced in the 1960's achieved their goal with respect to the reduction of internal disturbances but, in exchange, had the end result of making the system less "adaptive" than before. With respect to "centrality," they consider the changes to have been neutral.

In the case of East Germany, on the other hand, the authors find that changes in planning methods increased overall system "sensitivity" but at the same time extended the range of action and the set of instruments available both to planning bodies and to the various implementing units.

In sum, these studies reveal that "systems" theory is still in a foundling stage of development, and that much remains to be done in order to make its concepts fully operative. In the not too distant future, however, this approach will undoubtedly play an increasingly significant role in the fields of comparative policy, economic-management analysis, and comparative studies of economic systems in general. The Austrian Institute of Economic Research is to be commended for attempting to explore imaginatively all the avenues now open for furthering the study of intersystems comparisons.

[2] Ferenc Janossy, "The Origins of the Present Contradictions in Our Economy and How to Eliminate Them," *Kozgasdasagi szemle* (Budapest), July-August 1969.

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Moscow, Peking, and the UN

By Lincoln P. Bloomfield

ALVIN Z. RUBINSTEIN, and GEORGE GINSBURGS, Eds.: *Soviet and American Policies in the United Nations.* New York, New York University Press, 1971.
BYRON S. J. WENG: *Peking's UN Policy: Continuity and Change.* New York, Praeger, 1972.

WHILE READING the very capably organized and executed comparative study edited by Rubinstein and Ginsburgs of Soviet and US superpowerism in the UN over the postwar years, I suddenly had a vivid memory of sitting in the UN Delegates' Lounge a couple of years ago chatting with an old acquaintance who is one of the senior Soviet diplomats in New York. As we sat there, scores of delegates, advisers, and other diplomatic hangers-on filed by in their various dashikis, gabillehs, lounge suits, and (occasionally) dresses. My friend and I were talking about the urgent necessity of US-Soviet understanding on some crucial current political and security problems. As the noise got louder and the crowd thicker, he suddenly looked up and burst out, "We simply *cannot* do business in this place."

Nor have we tried to. Most of the series of postwar crises of the hair-raising, cliff-hanger variety have been strictly between the US and the Soviet Union (and occasionally China), and all of them have been defused primarily through bilateral diplomacy. True, the UN had a marginally valuable role to play in such egregious "nasties" as the Berlin blockade of 1948 and the Cuban missile crisis of 1962, and confrontations between the Big Two have unfailingly reverberated through the international body. But by and large, the giant problems have been kept out of the UN, and major US-Soviet agreements have been arranged privately. Thus, President Nixon was acting quite realistically when he went not to New York but to Moscow (and Peking) in 1972 to try to straighten out vitally important American relationships with the two historically hostile nuclear powers. (At the same time, the price of Mr. Nixon's successes may have been neglect of other sectors—notably multilateral diplomacy, which in my opinion represents the most potentially crucial, if unacknowledged, corollary to his own "Nixon Doctrine.")

There has been, then, more than a little convergence in US and Soviet attitudes toward the UN over the almost 30-year history of the organization. Each state has wanted a world body which would conform to its own interpretation of national interest and international order—a wish, of course, shared by most powers (though they have lacked the means to bring it about). There has also been a shared impatience with the quasi-democratic processes of the UN except where friendly majorities could be found to ratify one's policies. Finally, the two nations have both displayed an unwillingness to get stuck on the UN's notoriously adhesive flypaper in any way that might impede their freedom to act unilaterally. In short, the USSR and the United States have been the two countries in the world with the power to undertake unilateral ventures, and this in turn has shaped the UN in the postwar years.

Of course, the attitudes of the two superpowers have also differed in major respects. I believe (though many of my students do not) that, for the most part, the United States has tended to favor moderation, conciliation, nonviolence, and the pacific settlement of international disputes. The Soviet Union, on the other hand, has seemed to me on balance more concerned with fomenting dissent and making propaganda than with fostering world community—often running terrifying risks and then wanting to be rescued from the consequences of its own brinkmanship (the two most recent Arab-Israeli wars are prime examples).

Nevertheless, the two superpowers, doubtless *because* of their superpower, have both shown a

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fundamental disposition simply to ignore the UN. That position has been matched in full measure by the growing disillusionment of the great majority of states with the Big Two, by the increasing willingness of other nations to emulate the superpowers' unilateral use of *military force for "reasons of* state."

The point of superpowerism, to be sure, is that in a sense what others do does not matter. My Soviet diplomat friend's scornful rejection of the UN's turbulent and uncontrollable setting as a place in which serious questions could be discussed is the daily reality in the highest councils of Washington and Moscow (as well as of Paris, London, Peking, etc.). Former Secretary of State Dean Rusk summed up the attitude in his reference to "swirling majorities" in the UN's "parliamentary diplomacy." [1]

But in fact a vital symbiotic relationship exists between the superpowers and these majorities, just as there does between the two superpowers. The swirling majorities are, in a Maoist sense, the "fish" in the seas where both Moscow and Washington must function and—if that is the game —"win." Without the support of those "fish," a superpower, like a Maoist guerrilla, finds its environment not hospitable but hostile. Hence, to the extent that the superpower game is a struggle for political and moral influence, the fish are crucial, whether in the UN fishbowl or in their native habitat. For this reason, pure superpowerism needs to be balanced with some kind of diplomatic concept akin to Robert Benchley's fabled answer to an international law exam question related to the Greenland Fisheries dispute. (Benchley had not studied it, so he analyzed the case from the viewpoint of the fish).

THESE BASIC TRUTHS are echoed throughout the Rubinstein-Ginsburgs collection of essays, which were prepared for an October 1969 conference at the University of Pennsylvania to explore the interaction of the United States and the Soviet Union in the UN from 1945 to 1970. One reason for the apparent success of the gathering may have been that all the participants were asked to identify the assumptions underlying the policies of both superpowers; to define the key policy objectives of each and the extent to which these had been accomplished or had changed; and to probe the domestic and international factors that had shaped the assumptions, policies, and behavior of each.

Professor Robert Wesson's paper charts the various periods of superpower influence and unpopularity in the organization—from the era when the USSR sought to limit the damage that multilateral initiatives through the UN might inflict on Soviet interests, through the era when the US attempted to do the same after the Soviets had seemed to capture the colonial issue. He carries his story into the present era when bilateral détentism coupled with the virtual US abandonment of multilateralism in security matters (the Mediterranean, the Caribbean, and Southeast Asia) produced a situation where a Russian and an American could sit down and bemoan the nuisance to which they were jointly committed. Wesson is particularly interesting when he underscores the contradictions the Soviets confront between the values of the UN as a forum to push its attack on the "imperialists," and the inherent rivalry between the organization's programs and those of Moscow. The UN approach, being meliorative and reformist, is *ipso facto* contrary to the exclusivist "laws of struggle" that Moscow professes, and the inevitable result is that the Soviets infuse their relationship vis-à-vis the UN with the same ambivalence that they do their relationships with individual capitalist states.

Essentially, I have only a few minor criticisms of Professor Wesson's excellent article. I myself would have thought, for example, that Russian history and the defensive mentality based on that history, in combination with internal security requirements imposed by dictatorship, are more explanatory of Soviet insistence on narrow national sovereignty than ideology.

Former Indian Ambassador to the UN Arthur Lall contributes a piece on the UN and disarmament in which he correctly concludes that for both superpowers the UN is still a "forum" rather than a "force," though he seeks some inchoate rules of conduct to which both pay attention. (His selection of Guatemala, Hungary, the Dominican Republic, and Czechoslovakia as examples of unilateral intervention to advance self-interest, however, tempted me to suggest expansion of the list to include Hyderabad, Goa, and the former East Pakistan in order to broaden the perspective a little.)

Professor Harold Jacobson discusses the colonial field (that is, decolonization), in which the UN

[1] Speech prepared for delivery at Columbia University, Jan. 10, 1964. He first used the phrase "parliamentary diplomacy" with respect to the UN in "Parliamentary Diplomacy," *World Affairs Interpreter* (Los Angeles), Summer 1955.

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has been deeply involved. He helpfully reminds the reader that in the early years the Soviet Union was increasingly excluded from the UN's major work-areas such as the Trusteeship Council, visiting missions to the UN's trust territories, and *ad hoc* committees. In addition, he contrasts the USSR's movement toward an influential position in the UN by championing anticolonial causes, with the decline in the prestige of the US because of Washington's general shift to a more conservative position on colonial issues. By 1960-67, the Soviet Union was to be found on the "winning side" with respect to colonial questions 83 percent of the time, while the figure for the United States was 36 percent. In 1946–55, the percentages for the two had been even. Does this change matter? It does if one takes seriously our earlier references to the fish in the sea in which the superpowers must swim.

Professor Daniel Cheever provides a useful chapter on the international regulation of seabed matters (what some wag once christened "beds and bottoms"). After an interesting comparison of various Soviet and American policy approaches in the technical and economic fields, he turns to a discussion of the congruence of superpower interests as the Soviet Union comes of age as an "oceanographic power." He concludes that while parallel Soviet and American interests will tend to encourage the US and the USSR to support the UN's role, both countries will also be inclined to hold the UN on a short rein. Since Professor Cheever wrote his article, his judgment has been upheld in a number of ways during the negotiations to elaborate the treaty barring the installation of nuclear weapons in the seabed. For example, the Big Two incurred the disfavor of many nations by insisting on a highly restricted amount of international inspection.

The book winds up with contributions by James Patrick Sewell on security politics and by Edward McWhinney on the rule of law and the settlement of disputes. These require little specific comment except to raise a question about Mr. Sewell's definition of US objectives with regard to UN peacekeeping (to stop communism and establish stable, *i.e.*, Communist-resistant, systems). To be faithful to such objectives, the United States would have had to join the British and the French in their Suez policy in 1956 and should have intervened unilaterally in the Congo in 1960. My own impression of the US stance toward UN peace-keeping in that period puts it in the category of reflex actions against "destabilizing" outbreaks of violence.

BUT ONE BLIND man's elephant is another one's dragon. The entry of the People's Republic of China into the United Nations in the fall of 1971 marked a major watershed in modern diplomatic history, and the results were not long in coming. Within less than two months after China's admission, Moscow and Peking found themselves in a UN Security Council slugfest over the India-Pakistan war. In August 1972, the brief interval of Sino-Soviet amenities clearly ended when Peking cast its first veto (on Bangladesh's admission). At that point, one might have been tempted to conclude that behind the protestations of just being one of the lesser boys, behind the humble denial of superpower status, and despite the quest for a mantle of Third World leadership far purer than that worn by the cynical "socialist imperialists" from Moscow, there stood just another great power, cold-bloodedly trading the kudos of Third World popularity for a quick trick (Pakistan) in the complex Asian power game.

Further predictions regarding the interaction between the most populous nation on earth and the international organization containing most of the remaining world population will benefit from Byron Weng's thoughtful and often exceedingly perceptive analysis of the aspects of Chinese thought, diplomacy, and behavior that are likely to influence Peking's actions in the UN. His book was written before 1971, but I think it shows what illumination a good historical and textual analysis can shed on future events. Dr. Weng's central proposition is that Peking has always had a UN policy entailing both continuity and change. In this sense, Peking "behaves just like most other nations in acknowledging the United Nations as an international actor as well as an arena" (p. 5). The underlying theoretical base of Chinese policy has been "Marxism-Leninism-Mao Tse-tung thought"—a world view grounded on a belief in a universal law of contradictions. To the Chinese, the UN constitutes a place where struggle between contradictions takes place.

In his historical survey, Dr. Weng provides an interesting analysis of China's 1965 call to establish a "revolutionary UN." He relates President Sukarno's withdrawal of Indonesia from UN membership to Chou En-lai's famous trial balloon calling for the establishment of another United Nations "so that rival dramas may be staged in competition with that

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body which calls itself the UN," but which, according to Chou, was only a mischief-making tool of American imperialism. It is also helpful to the reader to have subsequent shifts in Chinese rhetoric on UN membership looked at against the backdrop of the Cultural Revolution and the "revolutionary pragmatism" that followed in its wake and produced renewed interest in the international body.

Dr. Weng perhaps overcomplicates China's long hostility toward the UN. That hostility has always seemed to me to be a perfectly simple and unideological reaction to the "social situation" created by the US-directed effort to refuse China's entry by the front door. Anyone who has lived among the Chinese realizes that they must have looked upon such an effort as merely the latest episode in a lengthy history of slights, exclusions, racial bigotry, and insulting condescension—all epitomized by the notorious signs in the parks of Shanghai's prewar International Settlement (which I never did see there, though I looked) "Chinese and dogs not allowed." Ideological and inner-party interpretations simply do not do adequate justice to the visceral rage built up among the Chinese by this record of exclusion.

As to more contemporary matters, there is considerable merit in Professor Weng's notion that Peking really perceives five different UN's: the UN of the Charter, the UN under US control, the UN of parliamentary diplomacy, the "revolutionary" UN, and the UN of US-Soviet collusion. In some of these perceived capacities, he contends, the UN can be a friend of the PRC. But the Chinese will always approach the political side of the UN in the light of their unyielding national positions (such as their legal stance regarding Taiwan) and, of course, in light of the thoughts of Chairman Mao. It would appear to me, however, that a China which can veto Bangladesh's admission and insist on eliminating all traces of the presence or even statistics of the Republic of China (Taiwan)—a demand to which the UN buckled—resembles a would-be superpower more than one dedicated only to winning out in the meritocracy of revolutionary leadership.

If the Soviet Union is becoming a fairly middle-aged power, China still shows very mixed signs for those concerned with cooperation in building a better world order, or even in making the existing one work. Still another Asian pre-superpower—Japan—is now visibly chafing at its continued exclusion from the UN's top table. A permanent Security Council seat for Japan could either strengthen the forces of cooperation or add one more element of paralysis to those already present.

In this sense, the UN makes all too real the abstract geometry of triangles, quadrangles, and parallelograms with which today's pundits like to describe the fateful interplay of the great powers.

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The Alienation of Soviet Jews

By Maurice Friedberg

MORDECHAI ALTSHULER, Ed.: *Russian Publications on Jews and Judaism in the Soviet Union, 1917–1967.* Jerusalem, Society for Research on Jewish Communities and The Historical Society of Israel, 1970.
YEHOSHUA GILBOA: *The Black Years of Soviet Jewry, 1939–1953.* Translated from the Hebrew by Yosef Shachter and Dov Ben-Abba. Boston, Little, Brown, 1971.
RICHARD COHEN, Ed.: *Let My People Go!* New York, Popular Library, 1971.

STUDENTS OF SOVIET affairs would be well advised to pay closer attention to recent developments affecting that country's Jews, not only because of the subject's intrinsic interest but also as a possible paradigm for future developments in a country in which the Russian majority is gradually becoming a minority—if, indeed, it has not already been reduced to that status. There is ample if fragmentary evidence that—like the blacks in the United States—the Soviet Union's ethnic groups, both large and small, have no intention of meekly disappearing in the Soviet melting pot. In addition to the many recent reports of Jewish protest activity, rumblings about arrests in the Ukraine, about bloody disorders in Lithuania, and about continuing unrest among the deported Crimean Tatars—among other signs of ferment—have reached the pages of Western newspapers with some frequency.

The Soviet Establishment, by and large, appears to have chosen for its policy the all-too-familiar Stalinist combination of inertia and repression. Yet it has become obvious that this response is not adequate for the long run; Stalin's *Marxism and the National Question,* a dogmatically simplistic essay over half a century old, no longer has relevance for the Soviet situation, if indeed it ever did. The example of the Soviet Jews—in many respects among the weakest and least cohesive of the minorities—is highly instructive. Described as late as 1966 as the "Jews of Silence" by a highly sympathetic observer, the French Jewish novelist Elie Wiesel, they have in recent years become the most vocal and fearless of the Soviet minorities, exhibiting a desperate defiance of the mighty state that is unprecedented in the history of the USSR.

Not unexpectedly, the struggle of a significant segment of Soviet Russia's Jews has stimulated much writing on the subject. An annotated bibliography brought out by the American Jewish Committee enumerates some 300 items in English alone published between 1967 and 1971, and the list is already in serious need of updating. Much of this work is journalism of varying quality. A few specialized monographs have also been produced, although thus far no satisfactory history of the Jews in the USSR has emerged.

While the need for the latter now appears greater than ever, a patient student will be able to reconstruct some of the highlights of this history from Mordechai Altshuler's bibliography of *Russian Publications on Jews and Judaism in the Soviet Union, 1917–1967,* a companion to his 1961 compilation listing Yiddish and Hebrew books and periodicals. To a scholar, a bibliography is what tracks are to a hunter, fingerprints to a detective, and scattered bones to a paleontologist. Tedious and meaningless to outsiders, a bibliography yields fascinating information to those who will take the trouble to scrutinize its contents.

To begin with, Dr. Altshuler's volume effectively demolishes a myth stubbornly perpetuated over the decades by the Soviet authorities—the claim that the admittedly high level of linguistic assimilation among Russia's Jews is indicative of a similarly spectacular erosion of Jewish ethnic consciousness. During the Civil War and the first years of the Soviet regime, as Dr. Altshuler's bibliography attests, hundreds of

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books and scores of periodicals in the Russian language disseminated information on virtually every subject of Jewish concern and reflected the intensity of Jewish religious, cultural and ideological activity among the country's educated and linguistically acculturated Jews. It was only later, during the Stalin era, that coverage of Jewish affairs was severely curtailed, with what little was produced restricted to Yiddish (Hebrew, tainted as the language of liturgy and of the nascent Zionist movement, was effectively proscribed with the advent of the Soviet regime).

There is interesting data reflecting other Soviet attitudes toward Jewish matters. Thus, for instance, the absence since the middle 1920's of *any* Soviet publications whatsoever in the field of Jewish history, not even orthodox Marxist ones, eloquently demonstrates the effort to destroy among Russia's Jews all traces of awareness of the Jewish people's historical continuity and geographic universality. There is food for reflection in Dr. Altshuler's finding that "at the beginning of the 1930's publications against anti-Semitism ended"—particularly in view of the virulence of anti-Jewish hatred in the USSR in the four decades that followed, much of it clearly government-inspired. The unequal contest between Jewish religion and atheism in the Soviet Union (an inequality which, in varying degrees, has affected all religious denominations) is eloquently demonstrated in the bibliography, which lists over 100 "anti-Judaic" books and pamphlets and exactly four religious books. The last of them, a bilingual edition of the Biblical Book of Ruth, appeared in 1925. No complete Hebrew Bible has ever been published in the USSR; by contrast, between 1958 and 1965—*i.e.*, during the much-heralded post-Stalin "thaw"—the so-called "Atheist Bible" was printed in over a million copies.

Dr. Altshuler also provides interesting evidence indicating that Judaism has been attacked with proportionately greater intensity than other religious faiths:

Publications against the Jewish religion in 1958–67 constituted 9% of all works against specific religions, while the Jewish population, according to the 1959 census, constituted only 1.1% of the population of the Soviet Union. Also, the number of copies of books [i.e., the total of print runs] against the Jewish religion was seven times as large as the number of books against Islam and almost twice as large as that against Christianity.

Unfortunately, Dr. Altshuler's bibliography does not list works of fiction of specifically Jewish interest, an omission which is regrettable but unavoidable (as the editor points out) in light of the sheer scope of such an undertaking. We are thus deprived of information on the publication of such writers as Isaac Babel, Ilya Ehrenburg and, among translated Western authors, Lion Feuchtwanger. Such data would have been most welcome, particularly in view of the well-known tendency of Russian readers to regard imaginative literature as a trustworthy source of factual information on a variety of subjects. As if to compensate for the omission, the bibliography offers several samples of a curious "de-Judaization" process applied by the censors of Russian translations of Soviet Yiddish writing. Thus, for instance,

In some of Leib Kvitko's children's poetry, which became very popular in the Soviet Union in Russian translation, the Jewish names of children disappeared. Also, in translations of prose into Russian, the word "Jews" or any special situation displaying Jewish heroism or martyrdom was eliminated. That this was a deliberate policy can be seen when comparing the translation with the original. The policy of obscuring basic national feelings within Soviet Yiddish literature, which took shape at the end of Stalin's life, still continues up to this day to influence translations from Yiddish to Russian.

THE TRAVAIL OF Russia's Jews during the last years of Stalin's life is the subject of Yehoshua Gilboa's *The Black Years of Soviet Jewry*, a detailed, painstakingly documented and studiously dispassionate account dealing with the period from the Nazi-Soviet pact in 1939 to the dictator's death in 1953. In Mr. Gilboa's view, it was the alliance with Hitler's Germany that laid the groundwork for much of the anti-Semitism of the postwar years. By implication, he appears to agree with Dr. Lina Shtern—a survivor of one of Stalin's final acts of persecution against prominent Soviet Jews in 1952—who, when told years earlier that the Nazi-Soviet pact was merely a marriage of convenience, warned that "even such a marriage can produce offspring." It was during the Nazi-Soviet honeymoon that information about Hitler's persecutions of the Jews was first suppressed, a policy that created a precedent for the postwar period.

Some accounts of postwar anti-Jewish campaigns in the USSR view them, at least in part, as responses to the outburst of Jewish

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pride that accompanied the arrival in Moscow in 1948 of the first envoy of the newly independent state of Israel—Golda Meir, the present Prime Minister. Mr. Gilboa convincingly demonstrates the far greater importance of the upsurge of Jewish nationalism during the war against Hitler. Much of his evidence is drawn from wartime Soviet Yiddish literature; indeed, the chapter on such literature and the portraits of individual Soviet Yiddish writers are among the best parts of *The Black Years of Soviet Jewry*. Eschewing the customarily elegiac tone of much Western journalism, which retroactively endows all of the martyred Soviet Yiddish writers with heroism and honesty, Mr. Gilboa differentiates between those who managed to retain their integrity as men and as artists (*e.g.*, David Hofstein, Der Nister, Peretz Markish) and those who shamelessly kowtowed to Stalin in the hope of survival (*e.g.*, Itzik Fefer, David Bergelson, Leib Kvitko). In the end all perished, as of course did many of their colleagues—Russians and non-Russians alike.

Mr. Gilboa's story of successive waves of anti-Semitic campaigns in postwar USSR is scholarly and detailed. First there was the so-called "anti-cosmopolitan" drive when, according to the late Soviet film-maker Mikhail Romm, the term was widely used as a euphemism for "dirty Yid." Then came the closing of all Jewish schools, theaters and publications, and the arrest of hundreds of persons associated with them. There was also the mysterious "Crimean affair," which to the reviewer's knowledge is described here in greater detail than in any other source. (This rather fantastic episode involved a proposal by certain Jews to resettle survivors of the Nazi holocaust in the Crimea, on the basis that the peninsula had been depopulated by the wartime deportation of native Tatars and that it was dangerous for many Jews to return to their former homes in areas liberated from the Nazis; according to report, the suggestion was distorted into evidence of an alleged Jewish conspiracy to use the Crimea as an American military base against the USSR.) Finally, there was the "doctors' plot" of 1953 which, as the Soviet dissenter Roy Medvedev recently related in his work *Let History Judge*, might have—but for Stalin's sudden death—resulted in a nationwide pogrom and mass deportation of the Jews to Siberia.

What were the causes of all these anti-Jewish outbursts? Mr. Gilboa advances a number of cautious hypotheses:

The anti-Jewish policy of the "black years" did not stem from ideological sources but was entirely based on opportunistic, "mercantilist" considerations. It was brutally calculated to correspond to Soviet needs, either real or imaginary, and profit weighings, right or wrong, both in connection with the country's internal developments and its foreign relations. . . . The growth of Russian chauvinism and xenophobia, the intensification of the cold war, the inflation of anti-Westernism, and the encouragement of hatred of the United States certainly helped direct the blame of all kinds of mishaps and dangerous trends against Jews.

It is to be regretted that Mr. Gilboa's carefully written book is marred by occasionally sloppy translation and an unusually large number of misspellings of proper names.

THE CONTENTS OF *Let My People Go*, a paperback anthology compiled by Richard Cohen, are convincing evidence of the failure of Soviet anti-Semitic campaigns to achieve their objectives. Described as "today's documentary story of Soviet Jewry's struggle to be free," the book includes a number of brief accounts of astounding Jewish defiance of the Soviet authorities.

Among them are documents clearly demonstrating that many of the anti-Semitic practices in the USSR are government-inspired; accounts of trials of alleged "Zionists"; underground leaflets urging Jews to insist on listing their native tongue as Yiddish in the Soviet census of 1970; courageously-worded demands for permission to emigrate to Israel; as well as several personal statements. The most moving of these accounts, entitled "How They Taught Me I Was a Jew," was written by a once thoroughly Russified girl in her late teens who has since succeeded in reaching Israel.

The books reviewed are heartily recommended not just to those interested in the subject of Soviet Jewry but to all students of Soviet affairs, as an example of the current resurgence of ethnic consciousness in the USSR. Whether this trend will continue to intensify among the various Soviet minorities is a question for the future, but the possibility seems strong. Those who feel doubtful might do well to ask themselves how many analysts in the West would have been able a decade ago, at the close of the Khrushchev era, to imagine the emergence of a strong and vocal Jewish nationalist movement within the USSR, let alone the emigration of some 30,000 Soviet Jews to Israel.

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Culture under Lenin and Stalin

By Ludmilla B. Turkevich

SHEILA FITZPATRICK: *The Commissariat of Enlightenment: Soviet Organization of Education and the Arts Under Lunacharsky, October 1917-1921.* London, Cambridge University Press, 1970.
GLEB STRUVE: *Russian Literature Under Lenin and Stalin, 1917-1953.* Norman, Okla., University of Oklahoma Press, 1971.

THE BOLSHEVIK REVOLUTION of 1917 marked the beginning of a critical era in the history of Russian culture. Nineteenth-century dreams of freedom seemed near realization, and the talents and energy to give them literary and artistic expression were there, vibrant and ready to the challenge. Russian arts, in spite of crushing Tsarist curbs, had already achieved excellence in practically every field. Now there was hope that the changeover from autocratic despotism to a new social and political order would usher in an even more fruitful era of intellectual and artistic freedom of expression.

The first postrevolutionary decade, though it had its darker aspects, did see a considerable measure of artistic and literary experimentation thanks to the activity of mature and prestigious artists and writers from the prerevolutionary period. While—as Sheila Fitzpatrick notes in her book—many of them considered themselves revolutionaries, they were strong, highly individualistic personalities with firm artistic views of their own, which they strove to express. In this effort, they were helped by the fact that directives from the "summit" in these early days of the Communist regime were not always clear and sometimes even contradictory—a situation which had the effect of leaving the door open for continued artistic innovation even while it caused many squabbles. For a while, the result was the emergence of some novel and avant-garde music, painting, theater, and literature, as authoritatively related by Gleb Struve in his book on Soviet literature.

This period of relative freedom of artistic expression did not last long. Toward the end of the 1920's, the Bolsheviks, having set their course toward the building of a totalitarian party dictatorship, resolved to transform the arts into a subservient instrument of the state and the official ideology. The regime took it upon itself to dictate what constituted art and imposed stringent ideological controls on all aspects of literary and artistic activity. Increasingly severe persecution of any "deviationism" under Stalin soon stamped out virtually all overt attempts at artistic originality and reduced Soviet arts and literature to a state of sterile conformism.

Both the Struve and the Fitzpatrick books deal with aspects of this subject, though their respective time frames and focuses are quite different. Sheila Fitzpatrick centers her attention on the pivotal administrative unit—the Soviet Commissariat of Enlightenment, or NARKOMPROS—which, under the direction of Anatoli V. Lunarcharsky, was charged with the supervision of all cultural and educational activities in the new Communist state during the four disoriented years, 1917-21. Struve, on the other hand, chronicles thirty-six years of Soviet literature under Lenin and Stalin from 1917 to 1953. The Fitzpatrick book thus complements the early part of Struve's history.

In her study, Miss Fitzpatrick carefully traces the intricate four-year history of NARKOMPROS, vividly portraying the rugged conditions under which Russian culture labored in those early years of communism. *Prosveshchenie* (enlightenment) is a broad concept, and the responsibilities of Lunacharsky's commissariat were manifold. It was in charge not only of literature and publication, of fine arts and museums, of theaters and the performing arts, but also of all aspects of education from the kindergarten on up through the

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technical institutes, universities, and the Academy of Sciences. (Its duties were broadened even further during its existence to include supervision of child welfare and providing housing and material supplies for its numerous staff members and service personnel.)

Monumental in itself, the task of NARKOMPROS was made even more difficult by the unsettled political situation, the severity of the climate and attendant shortages of food and fuel, clashes between artistic and professional personalities, and organizational power struggles. There was rivalry between Moscow and Petrograd and discord between generations, social classes, and literary camps. Yet even amidst this chaos dedicated people strove to further cultural progress as they understood it.

IN SPITE OF ALL the difficulties that hampered cultural activity in this troubled period, the literary output of the time, as Mr. Struve's survey bears witness, displayed a considerable degree of originality. Many new "leftist" literary trends that had appeared on the scene just before 1917 as a revolt against the prevailing fashions—*e.g.*, futurism, cosmism, imaginism—were given a chance to develop. Innovative dramatic techniques were tried out in the theater with stunning results, and audiences in Moscow and Petrograd were treated to grand film extravaganzas the like of which G. W. Griffith never dreamed of. Yesenin and Kliuev, Maiakovsky and Khlebnikov, broke down the barriers to new forms of poetry. Prose meanwhile saw a rebirth of the Russian novel. Although some writers floundered about producing mere trivialities, others, like Sholokhov, Leonov and Gladkov, laid the foundations for some of the more lasting positive elements in Soviet letters.

There was a quality of vitality and freshness about some of the literature of this decade. Zamiatin's utopian novel *We* is fascinating. Written in the Soviet Union of 1920, but published abroad, it depicts with uncanny vision the monolithic technocracy that was to emerge from the Bolshevik blueprints. This was also the decade that produced Bulgakov's *Master and Margarita*, at once an amazing story of persecution and frustration, a satire on Soviet life in the 1920's, and a philosophical disquisition — all ingeniously woven together in a web of the most disparate elements. For some reason, Struve postpones dealing with *Master and Margarita* to a projected sequel volume, but in the reviewer's opinion it should not have been omitted here. The novel was conceived and written in the late 1920's and reflects the life and problems of the time. Moreover, the story of its nonpublication inside the Soviet Union has relevance for the more recent trials and tribulations of Soviet literature. Who knows what other daring literary experiments of the day might still be hidden away in "desk drawers" awaiting their authors' posthumous restoration to respectability?

The early 1930's saw the Soviet government consolidate and harness the literary forces under its control in the new Union of Writers. Andrei Zhdanov, the official expositor of Stalinist orthodoxy in culture, laid down the rules of "socialist realism" and designated it as the only acceptable literary method. Quoting Stalin, Zhdanov termed authors "engineers of the human mind" and handed them a "blueprint" for applying their art in the service of communism. No deviation, esthetic or ideological, was to be tolerated. As post-Stalin revelations confirm, the 1930's were horror-filled years. Soviet literature, forced to conform, produced countless stereotyped works with so-called "positive heroes" dedicated heart and soul to the building of a glorious socialist future.

As the 1940's began, the growing external menace of Nazism caused the Soviet regime to ease

Reviewers in This Issue

NICOLAS SPULBER—Professor of Economics at Indiana University (Bloomington); author of *Socialist Management and Planning; Topics in Comparative Socialist Economics*, 1971.

LINCOLN P. BLOOMFIELD—Professor of Political Science at the Massachusetts Institute of Technology (Cambridge); a former policy planner on UN affairs in the US Department of State; author of a forthcoming book entitled *Foreign Policy for the Disillusioned.*

MAURICE FRIEDBERG—Professor of Slavic Languages and Literatures, Indiana University (Bloomington); author of, most recently, *The Jew in Post-Stalin Soviet Literature* (1970).

LUDMILLA B. TURKEVICH—Professor of Russian and Chairman of the Russian Department at Douglass College, Rutgers University (New Brunswick, N.J.); compiler of *Spanish Literature in Russia and in the Soviet Union, 1735-1964*, 1967, and author of numerous monographs and articles on Russian and Soviet literature.

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internal pressures, and the ensuing struggle for survival fused the entire nation into a solid entity united by patriotism. Amazingly, socialist realism's "blueprint" for literature became suffused with human pathos and meaning. The brave Soviet soldier depicted as a "positive hero" breathed an air of stirring authenticity. There was no need for the regime to challenge the realism of the writers' portrayal of the collective heroism and sacrifice of the Leningrad and Stalingrad sieges, or of the Red Army's marches east or west. Conversely, no Soviet writer was disposed to question the authority and determination of the socialist leaders. For the Soviet people, the conflict was not "World War II," but the "Great Patriotic War" for the defense of the motherland. As Struve relates, the literature that sprang from the conflict was often intensely spontaneous and moving —such, for example, as some of the war poetry of Inber, Simonov, Aliger and Bergholts.

The experiences of wartime, contacts with the West during the struggle, and the temporary relaxation of cultural controls combined to breathe new spirit into Soviet literature, but only briefly, for the renewal of Soviet suspicions of and hostility toward the Western world soon brought a return to rigid ideological controls over all cultural life. To drive their point home, the leaders made scapegoats of two exceedingly gifted authors—the humorist Zoshchenko and the poetess Anna Akhmatova. This episode, called by Struve the "Zhdanov Bombshell," is presented in detail, using updated material. (Although Akhmatova survived this ordeal by some twenty years, her later published poetry lacks the inspiration of her earlier works.) After this new outbreak of literary persecution, the "freeze" remained on until after Stalin's death in 1953.

In his sequel volume, Struve promises to deal with the literature of the post-Stalin era, some of which has provided chilling glimpses into the hidden realities of the Stalin times. Compared with the searing honesty of the submerged literature that has come to light in the last decade, the published literature of the Stalin era was merely a thing of shadows, reflections. It has taken works like Solzhenitsyn's *First Circle* to impress on us to some degree what Stalin's impact on Russia really was.

The flowering of Soviet literature following Stalin's death is indeed a topic worthy of careful investigation. It raised hopes that the promises held forth for Russian culture in the first postrevolutionary decade would at last be fulfilled. However, whether these hopes will be realized remains an open question.

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Notes & Views
Correspondence

NOTE: Readers are welcome to comment on matters discussed in this journal. Letters should be addressed to the Editors, Problems of Communism, *US Information Agency, 1776 Pennsylvania Ave., NW, Washington, DC 20547.*

POLISH POLITICS

TO THE EDITORS: The article by Adam Bromke entitled "A New Political Style," which you published in your September-October 1972 issue as one of two dealing with "Poland under Gierek," contains certain doubtful points—*e.g.*, in some of the translations.

But the main point that I would like to raise here is connected with the part of the article which deals with Gierek's allegedly seeking "to broaden his base of popular support by taking actions specifically designed to win mass support outside the party rank and file" (p. 11). This observation, concerning personalities at the central level, is then illustrated by the case of Mrs. Skibniewska, made a Deputy Speaker of the Sejm, and Prof. Groszkowski, made Chairman of the Presidium of the "National Unity Front" (and two other non-party men made deputy chairmen).

In fact, the creation of a *third* post of Deputy Speaker so as to have a non-party lady architect placed there was pure political window-dressing—even more so as the Sejm, though certainly more active than before 1956—is still mostly a rubber-stamp body having only minor legislative authority and control. The "National Unity Front," on the other hand, is a propaganda transmission belt from the party to the non-party population, with the task of drumming up some support or at least lessening some tensions by creating the illusion that "all are equal." Its efforts toward these ends are reflected, for instance, in a resolution of the Front of April 1972 stating, *inter alia,* that "We are all responsible for the fate of the fatherland . . . party members and non-party people" *(Trybuna Ludu,* April 7, 1972). A truly idyllic picture—all sharing equal duties (though not rights!)—and note the word "fatherland." Thus the placing of a non-party man at the top of the "Front" and of two other non-party people among the six existing deputy chairmen is nothing more than what the rulers believe to be clever political cosmetics.

While noting these small gestures which are without consequence, Bromke completely overlooked evidence of the reverse trend under Gierek. In the first place, the Cabinet in the Gomulka era included at least one non-party minister, and at one time there were two (both professors, one responsible for the Merchant Marine and the other for Health and Social Welfare). But under Gierek, the last non-party man disappeared from the Cabinet after the March 1972 "elections." Secondly, under Gomulka, a non-party scholar was always Chairman of the Polish Academy of Sciences, a post corresponding in Poland to ministerial rank; but under Gierek the last incumbent (Prof. Groszkowski) was replaced in 1971 by a strong party man (Prof. Trzebiatowski, a member of the Central Committee). Thus non-party specialists were eliminated from all top-level posts involving real responsibilities. If any meaningful talk about "national unity" under the Communist party were ever initiated, it would require at least—say—five or six non-party people being placed in ministerial positions (and a few dozen in immediately lower ones, such as deputy ministers, ambassadors, etc.).

What must be strongly stressed is the fact that there are two increasingly distinct groups of citizens in Poland: the overprivileged party members and the non-party pariahs. If you belong to the latter, you might even have fought against the Nazis, and yet you might, for instance, be thrown out of your Warsaw home to a much worse flat somewhere in a bad district, so that your apartment could be transformed into a "diplomatic flat" for an Eastern or Western youngster with, judging from the size of the apartment in question, the rank of third secretary at most (see *Zycie Warszawy,* Sept. 29, 1972). If, on the other hand, you belong to the party elite, you might advertise in the same *Zycie Warszawy* (Oct. 21, 1972) that you were looking for a maid to serve you in Moscow!

RICHARD SZAWLOWSKI
Associate Professor of Political Science
University of Calgary
Alberta, Canada

PROF. BROMKE REPLIES: I do not think there is any major quarrel between Richard Szawlowski and myself in evaluating the limited scope of the conciliatory gestures by Gierek toward the non-party people. All that Szawlowski does is give more evidence, all of which I could not include in what was a general (and already overlong) article.

Szawlowski is wrong, however, in stating that I do not produce enough evidence of an opposite trend. I do so in no uncertain terms, supporting my own views with quotations from writers in Poland, virtually all through p. 12. Indeed, in my conclusion I single out the question of "entrusting greater responsibility and authority to non-party people" as one of the key problems in contemporary Poland (p. 18).

ADAM BROMKE
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DMOWSKI'S BIAS

TO THE EDITORS: Professor Roman Szporluk describes Roman Dmowski as "the prominent Polish statesman and nationalist" ("The Plight of the Minorities," *Problems of Communism,* September-October 1972). That Dmowski was prominent there can be no dispute, but to describe him as a statesman and nationalist is like describing Hitler as "the prominent Austrian-born German statesman and nationalist."

The chief characteristic of Dmowski was his antisemitism, which obsessed him just as much as Jew-hatred obsessed Hitler. Convinced that the Germans and the Jews were the chief enemies of the Polish people, Dmowski created the Endecja, the first antisemitic party in Polish history. Moreover, although Professor Szporluk describes him as a nationalist, he convinced millions of Poles that their only future as a people lay in becoming part of a Judaeophobic and anti-liberal and anti-socialist Tsarist Russia and that all the Polish attempts to recover independence, from the Kosciuszko Insurrection to the 1905 Revolution, were the work of Jews and Freemasons.

During the First World War and after, Dmowski believed and preached that the chief enemies of Poland's restoration and existence were the Jews and the Germans. He charged the Jews, especially those of Germany, Britain and the United States, with responsibility for Poland's failure to establish frontiers in the West that would have been almost identical with those achieved by Poland thanks to Stalin after the Second World War. His *bête noire* was Lloyd George, whom he repeatedly describes as "Germany's spokesman" and "the instrument of Jewish policies." (R. Dmowski: *Polityka polska i odbudowanie panstwa,* Hanover, 1947, V.2, *passim.*) Germany's policies after her defeat in the First World War were determined, according to Dmowski, on the evening of November 23, 1918, at the congress of all the German Freemason lodges held in Dorotheenstrasse in Berlin.

On the following day there were reports circulating all over Berlin that a pact had been signed at the congress between the German Freemasons and the Jews, which provided for the Jews a free hand to act as it suited them inside Germany and also gave them a number of leading positions in the political life of Germany. In return, the Jews undertook to defend Germany's interests at the peace conference. . . . The full costs of the pact were to be borne by Germany in the shape of internal disorganization and the disintegration of its national forces, as well as by the nations which it would be possible to wrong at the peace conference in favor of Germany, Poland to be the chief sufferer. (Ibid., p. 4).

Dmowski continued to regard the Jews and Germans —in that order—as Poland's chief enemies until Hitler's accession to power. Then, his Jew-hatred being the dominant force in his intellectual and emotional makeup, he declared that the Germans had ceased to threaten Poland because the German *Drang nach Osten* had been the work of the Jews and Hitler was busy liquidating Jewish power in Germany. Adolf Nowaczynski, the most brilliant popularizer of Dmowski's ideas among Poland's *intelligentsia,* could therefore write in the No. 29 issue of *Prosto z Mostu,* only a few weeks before Hitler's invasion of his country, that ". . . if we have a war over Gdansk, we shall owe it to the extent of 50 percent to the fact that in 1918 the Gdansk statistics noted the presence of 10,427 Jews in the city."

In his study, "Polish-Jewish Relations during the Second World War," Emanuel Ringelblum, the historian of the Warsaw Ghetto, asked: "Was it right that when from all over Poland the trains of death were carting the Jews to Treblinka and other places of slaughter, the last sight of God's world they carried away with them should have been the indifferent and even gloating expressions on the faces of their Polish neighbors?" For this state of affairs the man described by Professor Szporluk as a prominant statesman and nationalist bore a responsibility second to none.

The events of 1967-69 leading to the formal liquidation of Jewish presence on Polish soil after a history of over ten centuries must be regarded as the final triumph of Dmowski's ideas. They have proved stronger than the ideas epitomized by Kosciusko, Mickiewicz and even Pilsudski, who all three were of Lithuano-Byelorussian origins and saw Poland as an idea of an ideal commonwealth of peoples and not as it really was. Above all, Dmowski's ideas have triumphed over those of Marx, whose exponents Dmowski described in 1905 as "syphilis in the Polish national body." The antisemitic campaign of 1967-69, whose chief theme was that the "Zionists" had allied themselves with the "West German revenge-seekers" and the "US imperialists" in a worldwide conspiracy against Poland, was nothing else but an updated version of Dmowski's and his party's view of Polish history during the First World War and after. And no wonder that it should have been so, since the men who organized the campaign are former Endeks or former members of the fascist ONR or have been brought up on Dmowski's ideas, which combined loyalty to Tsarist Russia with Jew-hatred.

R. AINSZTEIN
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Herts, England

PROF. SZPORLUK REPLIES: Mr. Ainsztein has evidently read only the first part of the sentence in which Dmowski was identified as "the prominent Polish statesman and nationalist." Had he read it to the end, he would have noticed that its point was to draw attention to Dmowski's antisemitic position. In a later part of the review Mr. Ainsztein would have found those Communists who in 1967-1968 pursued antisemitic measures described as Dmowski's spiritual heirs. Because Dmowski had been one of the men who helped bring about Poland's independence after World War I, had served as head of the Polish National Committee in Paris during the war, and had been Poland's delegate to the Peace Conference (he signed the Treaty of Versailles on Poland's behalf), his standing in Polish opinion in 1925, when his *Polityka polska* was published, was higher than that of an ordinary politician. So much greater therefore was his responsibility, and so much more harmful and dangerous were prejudice and hatred when preached by a man like him.

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Ann Arbor, Mich.

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STUDIES OF MARXISM

TO THE EDITORS: One of your Marxist contributors, Professor Howard Sherman, reviewing (November–December 1972) two expositions of Marxism by a Trotskyite leader who avoids quoting Marx, claims that "the *dogmatic conservative* critic's approach" is *"often* encountered in books on Marx." He defines such an approach as one which "assumes that Marx is *always* wrong and uses *voluminous* quotes" from him, *"always* taken out of context," simply "to prove that he is *not worth discussing"* at all (emphasis mine).

To support these several assertions, would Mr. Sherman care to specify even as many as ten such books out of the hundreds of studies of Marxism by significant authors published for the educated public in America or Western Europe during (say) the past ten years? Maybe it is Cold-War-like to say so, but I suspect that the deplorably persistent intellectual obsession with Marxism in one form or another—another writer in the same issue describes it as "part of the global cultural and power-political establishment"—is accentuated by the relative paucity of recent works (comparable to earlier analysee by Böhm-Bawerk, Bober, Robbins, Federn, Popper, von Mises, and Bochenski, for instance) which show with accurate documentation not only that Marx was no "prophet" but also that he reached incorrect conclusions about contemporary phenomena precisely because of his erroneous methodology.

D.L.W. ASHTON (MA)
Connaught School
London, England

PROF. SHERMAN REPLIES: In answer to the letter by Mr. Ashton, I do have to admit that he is still affected by the Cold War. He implies that the "hundreds of studies of Marxism by significant authors . . . during the last ten years" have been quite objective, unlike earlier attacks on Marx. I can only say that *almost all* of these studies written for the general public in the United States or Western Europe continue to be "dogmatic conservative criticisms" built on distortions of Marx's thought. It would be unfair to pick out just ten of them. Nor do I blame these authors as individuals. Since the ruling ideology is in fierce opposition to Marxism, it would be surprising if most popular and academic works did not follow the same line.

Of course, there has been some difference in recent years. Since the Cold War has died down and coexistence is more the fashion, the *style* of the newer works is mostly less vituperative. As always, they claim to be objective, but their attack is simply somewhat more insidious and muted than before. It might be added that I agree with Mr. Ashton if he means that most of the recent attacks are not original but merely repeat the arguments of the critics from Böhm-Bawerk to Bochenski whom he has cited. For example, almost all the modern works on Marx's method continue with the misconception that Marx believed in a kind of mechanical, simple-minded form of economic determinism. Or to take the most distinguished example in economics, Paul Samuelson's most recent article in the *Journal of Economic Literature* makes a considerable pretense of objectivity toward Marx's labor theory of value, but still puts forth the same alleged contradiction between Volumes I and III of *Capital* that was argued by Böhm-Bawerk. You will find a different approach to Marx only in the works of the young radicals in the social sciences, as seen in the *Review of Radical Political Economics* (Ann Arbor, Mich.), or in my book *Radical Political Economy* (New York, Basic Books, 1972).

HOWARD SHERMAN
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PEKING IN AFRICA

TO THE EDITORS: Lucius Beebe's review of *China and Africa, 1949–1970,* which I authored (*Problems of Communism,* November–December 1972), misrepresents my text and includes other inaccuracies. First, he writes:

Larkin, while acknowledging that "specific and usually localized political breakdowns have occurred," tends to overemphasize the degree of political stability and economic advance prevailing in the newly-independent states, whose elite leaderships—he says—have for the most part enjoyed "uninterrupted tenure."

This is a rather unfair misstatement of my text:

In some cases [the new elites] have enjoyed an uninterrupted tenure, but sporadic and usually localized political breakdowns have occurred, and in some instances—Congo (K), Sudan, and Nigeria—violence has taken place on a massive scale.

Beebe also writes that

Larkin gives little credence to the wealth of evidence supporting the view that Peking furnished military equipment, money, and ideological indoctrination to the guerrillas fighting against the legal central government in Leopoldville . . .

But, on the contrary, I record and accept evidence of support for anti-Leopoldville forces in the form of equipment (p. 73), money (p. 181) and instruction (p. 72n).

Beebe rightly asserts that the book emphasizes the years to 1966. I agree that the Tanzania-Zambia railway is "the most impressive and significant aid project" and discuss it (pp. 96–102), though the chief commitments were made after 1966. That "many of the liberation movements were founded" after 1966 is simply wrong: none of the acknowledged groups in Rhodesia, South Africa, Southwest Africa, Angola and Mozambique were founded after 1966 (*cf.* Table 5 in my book). Lamenting that "the immediate post-Cultural Revolution period is minimized"—which I take to mean the period from the onset of the Great Proletarian Cultural Revolution—Beebe claims that "careful screening" of sources cited reveals "very few dated after 1966"; I count 75 in four chapters, without being careful.

I agree that additional data on Southern Africa would be useful and regret that in attempting to write a brief work on China's policies toward some 50 states and regions I have drawn an Africa which has less depth and dimension than its history deserves. But I am confident my judgments are better than those of Mr. Beebe, who would have us believe that

Advancement of Peking's long-range objective . . . would only require the acquisition of control over certain key elements of the African regime's policies, and

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such control could be achieved subtly, with little awareness on the part of the victims of what was happening.

Fu Manchu strikes again!

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PROF. BEEBE REPLIES: I regret that Professor Larkin took such umbrage with respect to my review of his book *China and Africa, 1949–1970.* In my opinion the work has some very fine features, which I commented upon as scholarly contributions, but I feel it has some weak features which I also believe deserve emphasis. I still contend that the following sentence reflects general political stability:

In some cases [the new elites] have enjoyed an uninterrupted tenure, but sporadic and usually [*emphasis mine*] *localized political breakdowns have occurred, and in some instances—Congo (K), Sudan, and Nigeria—violence has taken place on a massive scale.*

This simply is not the fact—nearly all of the independent countries have had coups, attempted coups, political assassinations, and mutinies.

A second major criticism, which Larkin rejected, was his "little credence" given to the evidence supporting Peking's role during the Congo crisis. He did mention the Chinese role—equipment (p. 73), money (p. 181), and instruction (p. 72n). Three isolated references to the means with which the rebels were able to sustain their fight for nearly five years is, in reality, slight attention.

If Mr. Larkin will screen his bibliography, he will note that few of the entries are dated after 1966; he has, however, made generous use of more recent FBIS and JMJP sources in footnotes, and for this error on my part I ask his forgiveness.

I still believe that only a casual nod to Southern Africa, the target area for all of the liberation movements which were formed prior to 1966, is a serious oversight. This is the area in which major future African problems and hostilities will be centered, and the beginnings of those hostilities had certainly manifested themselves at the time Larkin was writing his book. Southern Africa is also part of Africa.

In the petty matter of judgment, I am not Fu Manchu, but I will stand on my own. It is not in the northern countries of sub-Saharan Africa that the Chinese have continued to increase and consolidate their gains; it is rather in the countries of South Central Africa, where the liberation movements are headquartered and which are contiguous to the white-ruled targets.

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MORE PROBLEMS OF ECONOMICS

(The comments below continue an exchange of views initiated in the Correspondence Section of the January-February 1973 issue—Eds.)

TO THE EDITORS: Since the Brown-Neuberger rebuttal to my response to their review article (*Problems of Communism,* January–February, 1972) still shows a lack of comprehension of elements of national income accounting, a counter-rebuttal is essential.

Hungarian Net Agricultural Product
(1950=100)

Year	Official NMP Series I	Official NMP Series II	Official Net Output Series I	Official Net Output Series II	Our Index
1960	107	106	101	102	101.4
1961	102	100	96	96	104.2
1962	104	104	99	101	102.4
1963	109	110	104	107	113.4
1964	112	113	108	110	116.8
1965	101	102	95	99	102.7

Brown and Neuberger see a "paradox" in the fact that my GNP series makes the Hungarian economy "appear more stable than do the official series." It surely is not "explained simply by the difference in weights. . . ." Brown and Neuberger should face more squarely the difference in concept between GNP and the net material product (NMP) version of national income, the latter a truncated concept of aggregate production. The services included in GNP (but omitted from NMP)—housing, government, professional and personal services, etc.—are relatively stable components. A volatile sector, such as agriculture, will have a much more dampened effect on the trend of GNP than on that of NMP.

Let us go further. The Brown-Neuberger reply states that something about my "statistical methodology" must be at fault, and it sees some "clue" in my handling of "net agricultural product, which figures in both the NMP and GNP concepts." They err; net agricultural product as such does not figure in GNP. The reviewers state that somehow "arbitrary adjustments" for depreciation affect my GNP calculations. This is nonsense. GNP in agriculture, in the way it has to be calculated by everyone, is completely invariant in regard to depreciation. GNP comes first; net national product (NNP) is derivative. Since I do not use NNP in my article, the Brown-Neuberger tabulation comparing the official net index and Czirjak's NNP in agriculture is irrelevant.

Official national income statistics in Eastern Europe for the 1950's are certainly not beyond question. Although Hungarian statistics have been improving, uncritical acceptance of official measures for sophisticated production-function or other mathematical-economic analyses with the aim of showing a "precise picture" of development is hazardous, especially for the 1950's. Responsible Hungarian economists who know their data series do not entertain such aspirations of precision. Findings are bound to be relative to concepts of production, crop-year definitions, prices, choices of indexes, alternative weighting regimens, and analytical procedures. One cannot speak of a single "accurate picture" under the circumstances;

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various imprecise pictures are bound to emerge. Those whose foundations are explicit and published can be subjected to further study. The Czirjak index is fully documented; the NMP is not. One might well ask why there was such a big break (38 percent) in the official net series between 1951 and 1952. Is this to be taken at face value, without checking, as reflecting "genuine change in the output of Hungarian agriculture"? The official index for total crop and animal production shows a much smaller decline.

Brown and Neuberger charge that "Alton's recalculated series" published in Occasional Paper No. 14 (hereafter OP–14) of the Research Project on National Income (prepared by Czirjak) "diverge markedly" from the official index after 1958. Unfortunately, they omitted the more recent figures from the tabulation they copied from OP–14, making it impossible to judge the charge of divergence. On p. 77 I reproduce from OP-14 the official index and our index, and show three additional, more recently published official net indexes for agriculture taken from official Hungarian sources. I use 1950=100 since the more recent indexes are not given for 1949. We note *marked convergence,* not the opposite, between the official indexes and ours during 1960–1965. This would seem to settle the charges made by Brown.

The original review article speaks of "preparation for the takeoff" in studies of East European economies being generated evidently by the work of Brown and Neuberger at Indiana and elsewhere. Refined models for studying economic development are to be recommended so long as some modesty regarding the results is manifested. One should guard, however, against the possibility of GI-GO (garbage in—garbage out), especially when dealing with official data for the 1950's.

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TO THE EDITORS: In my letter of February 16, 1972, I pointed out the alteration of my text to include the word "short," which in the review (p. 76) is juxtaposed to "a relative abundance of capital." This certainly colors things. The statement in my *Summary* (p. 439) was intended to be more than a casual "at one point" remark. The reviewers belabor the obvious.

A. A. Brown and E. Neuberger's only reference (p. 76 of the review article) to A. A. Brown, "CES Production Function Estimates in Postwar Hungary," IDRC Internal Research Memorandum, MS, Bloomington, Indiana, International Development Research Center, Indiana University, May 1970, is not available from Indiana, and a discussion paper, Brown and Neuberger, "Dynamic L-Shaped CES Functions in Eastern Europe" (Windsor University, Canada) contains the caution: "Preliminary. Not to be cited without authors' permission." The authors' rebuttal to my reply now cites Weitzman's article, a responsible statement that can be quoted. Weitzman speaks (see *American Economic Review,* September, 1970, pp. 676 ff.) of the "weak theoretical underpinnings" of the aggregate production function and the "incomplete" or even "ambiguous" picture that at best it yields (p. 676). With further cautions against "misplaced notions of rigor," and assuming that the "somewhat nebulous concepts of aggregate output, capital, and labor have been fairly represented" by the indexes he uses, Weitzman presents his findings for the USSR. In his conclusion (p. 685), Weitzman is tempted to speculate on the implications for future Soviet growth. This he does, warning that there has to be a wide margin of error even in short-run projections, which themselves are subject to three "ifs": (i) *if* (italics Weitzman's) Soviet industry is accurately described by the production function, (ii) *if* the parameter values have been accurately identified, and (iii) *if* they do not change very much in the near future. Then, he concludes that "it would appear a strategy of strong capital accumulation must be considerably less successful for the present relatively mature Soviet economy than for its labor-surplus predecessor."

Brown-Neuberger call this "strong evidence"; evidently Weitzman does not. When it is weakened further in their attempt to have it speak for Hungary, what have they shown? I have not seen Brown-Neuberger's results, but knowing the history of the official Hungarian industrial production index, with diverse methodologies applying to its various links and the cautions regarding it voiced by Hungarian statisticians, I would feel that Brown-Neuberger should tread exceedingly lightly on their constructions.

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PROFESSORS BROWN AND NEUBERGER REPLY: We hope that our exchange of letters can close in a constructive way. Let us begin by giving credit to Alton for his emphasis that the adjusted GNP (gross national product) series are likely to be more stable than the official NMP (net material product) series for certain methodological reasons. We will consider three main points in this regard.

First, both services of a material nature (e.g., transportation) and those of a nonmaterial nature (e.g., education) are included in the GNP series, while only the former type figure in NMP. If nonmaterial services tend to fluctuate less over time than other components of GNP (material services and output of goods), then the GNP series will be more stable than the NMP series. Assuming that the volume of nonmaterial services does show a greater stability, the question is to what extent the stability of aggregate output is affected by the inclusion of nonmaterial services. We return to this question below.

Second, depreciation is included in the calculation of GNP but not of NMP. If we assume that depreciation tends to rise at a relatively stable rate over time, then the gross series will be more stable than the net. This will not be true, however, if depreciation allowances are arbitrarily changed from time to time. As we have noted in our previous communication, the usefulness of Czirjak's agricultural output series was vitiated by arbitrary jumps in depreciation allowances and repair-and-maintenance charges (Occasional Paper No. 14 of the Research Project on National Income, p. 115). However, as Alton reassures us in his reply, he properly did not rely on the final net agricultural output series which appeared in that Occasional Paper when he calculated his aggregate ad-

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justed GNP series. There thus remains only the question of the extent to which exclusion of depreciation from the official NMP series increases its instability vis-à-vis the GNP series.

Third, a possible explanation for the greater stability observed in the recalculated GNP series than in the official NMP series is the exclusion of the highly volatile foreign trade price-equalization gains or losses from the former. Although Alton did not refer to this difference in his communication, it would lend support to his claim that his series should be expected to be more stable. Foreign trade price-equalization gains and losses, used to adjust the internal and external valuation of exports and imports, appear only in the official national income accounts and vanish when adjusted factor-cost prices are used.[1] Thus, we may also examine to what extent the exclusion of the foreign trade price-equalization account (which is generally negative in Hungary) affects adjusted GNP.

We present in the table fluctuations in the volume of alternative output aggregates for Hungary in the years 1949-67. The measure used was the standard error of the least squares fit to the logarithms of the index of growth.[2] The table shows that both the exclusion of foreign trade losses (*cf.* columns 1 and 2) and the inclusion of nonmaterial services (*cf.* columns 2 and 3) tend to reduce fluctuations in aggregate output. It appears, however, that the effect of these adjustments is relatively small, and they still fail to explain the considerably greater stability of Alton's GNP series. To some extent at least, the remaining difference may be the result of the inclusion of depreciation allowances in the GNP. Since we have no data to assess the effect of depreciation, we will only cite George Staller, who has argued that

Depreciation charges are small relative to national income in the planned economies, and consequently their exclusion could not increase significantly the measured degree of instability even if we make the extreme assumption that their growth rate was constant.[3]

To conclude, the evidence presented provides partial support for Alton's claim that the methodological differences between the GNP and the NMP provide an explanation of the greater stability of his adjusted output series.

However, even for the 1950's, a careful study of the official statistics can be constructive, in spite of their admitted shortcomings. It is of interest, for example, that the official NMP series exhibits strong fluctuations in the 1950's, which Hungarian economists have called the "bing-bang cycle." Thus the absolute declines of the official NMP in 1952 and 1954 (and the very sharp decline in 1956) contributed directly and indirectly to the Hungarian planners' willingness by the mid-1950's to sanction sharp criticisms against the traditional planning system. In fact, the subsequent wholesale disillusionment with the old system in the 1960's, which culminated in the establishment of the New Economic Mechanism, was rooted in the earlier disenchantment that began in 1952 when the official series first registered a decline in NMP despite massive inputs.

As for the components of aggregate output, we feel that agricultural instability in the official series is worthy of further study. Alton raised the question of why such a big break (38 percent) occurred in the official net series between 1951 and 1952. We tried to verify his explanation that "the official index for total crop and animal production shows a much smaller decline," but found that a standard official source contradicts this hypothesis at least as far as crop production is concerned—according to that source, crop production in 1952 fell from 1951 levels by about 40 percent or slightly more than the decline in net output.[4]

What is the desirable extent of skepticism regarding official East European statistics? Alton seems to imply that we should be no more willing to accept at face value official reports of adverse events, such as cata-

Fluctuations in Output Indexes for Hungary: 1949–67

	Net Material Product [a]	Net Material Product [b]	Net National Product [c]	Gross National Product
Market prices				
Official index [d]	6.4			
Constant 1949 prices	6.9	6.6	6.4	
Constant 1954 prices	6.8	5.9	6.2	
Constant 1959 prices	6.6	6.3	5.9	
Factor-cost prices				
Constant 1955 prices (Alton)				4.8

[a] Including foreign trade loss.
[b] Excluding foreign trade loss.
[c] Net material product plus nonmaterial services.
[d] At comparable prices. The official index is a chain index of three constant price series: 1949-54, at constant 1949 prices; 1954-59, at constant 1954 prices; and 1959-67, at constant 1959 prices. The constant price indexes are linked at 1954 and 1959, respectively.
SOURCES: Calculated in the case of market prices from the Hungarian statistical yearbook for various years, and in the case of Alton's factor-cost prices, from his *Compendium* article (p. 46).

[1] Treatment of the foreign trade price-equalization loss in calculating GNP at factor cost is discussed in T.P. Alton *et al.*, *Hungarian National Income and Product in 1955* (New York, Columbia University Press, 1963), p. 78; see also pp. 58 and 61.

[2] The formula is: $\left\{ \text{antilog} \left[\frac{(\log y_t - \log \hat{y}_t)^2}{n-2} \right]^{\frac{1}{2}} - 1 \right\} 100.$

This was one of the several different methods tested by George Staller. As for his alternative methods, he found that "They all led to essentially the same results." See *The American Economic Review* (Evanston, Ill.), June 1964, p. 386.

[3] *Ibid.*, p. 387.

[4] According to *Adatok és Adalekok* (Facts and Figures), Budapest, 1957, p. 158, the index of crop production declined from 111 to 67 between 1951 and 1952.

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strophic harvests, than their opposite, *i.e.*, reports of great overachievements. A reminder that we should be unbiased in our evaluation of official statistics is, of course, most welcome. Perhaps one may argue that unpleasant statistics are subjected to more careful official scrutiny before they are released, but we cannot be certain.

We wholeheartedly agree with Laszlo Czirjak's warning about the pitfalls awaiting anyone brave enough to venture into the thickets of East European econometric analyses. We would only point out that utilizing implicit models rather than explicit ones does not reduce the dangers of such inquiry.

As for our other points of disagreement, they are hardly worthy of a continued public debate. Surely, our specific comments on the contributions by Alton and Czirjak were not intended to disparage the painstaking efforts of the Research Project on National Income in East Central Europe to recalculate the official output series. If some of our comments have been critical, we certainly had no desire to denigrate the efforts by Alton and his associates. On the contrary, their pioneering analysis of basic East European data should be encouraged, and this much-needed work should continue.

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